



Hong Kong Johnson Holdings Co., Ltd.

香港莊臣控股有限公司

(A company incorporated in the Cayman Islands with limited liability)

Stock Code : 1955

2021/22

Interim Report



Guard Your Health Go Green with Smart City



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. CHEUNG Kam Chiu (*Co-chief executive officer*)
Mr. SZETO Wing Tak (*Co-chief executive officer*)

Non-executive Directors

Ms. XU Jili (*Chairman*)
Ms. LI Yanmei
Mr. XIE Hui
Mr. YE Ning
Ms. LEE Wing Yee Loretta
Ms. WONG Ling Fong Lisa
Mr. ZHOU Wenjie

Independent Non-executive Directors

Mr. FAN Chiu Tat Martin
Dr. GUAN Yuyan
Mr. HONG Kam Le
Mr. LEUNG Siu Hong
Ms. RU Tingting

BOARD COMMITTEES

Audit Committee

Mr. FAN Chiu Tat Martin (*Chairman*)
Ms. RU Tingting
Mr. LEUNG Siu Hong

Remuneration Committee

Mr. LEUNG Siu Hong (*Chairman*)
Dr. GUAN Yuyan
Ms. RU Tingting

Nomination Committee

Ms. RU Tingting (*Chairman*)
Dr. GUAN Yuyan
Mr. HONG Kam Le

AUTHORISED REPRESENTATIVES UNDER LISTING RULES

Mr. CHEUNG Kam Chiu
Ms. LEE Mei Yi (*FCG, FCS(PE)*)

JOINT COMPANY SECRETARIES

Mr. LI Zhuang
Ms. LEE Mei Yi (*FCG, FCS(PE)*)

LEGAL ADVISERS

As to Hong Kong law
Bird & Bird

As to Cayman Islands law
Harney Westwood & Riegels

COMPLIANCE ADVISER

Huajin Corporate Finance (International) Limited
(formerly WAG Worldsec Corporate Finance Limited)

INDEPENDENT AUDITOR

RSM Hong Kong
Certified Public Accountants, Hong Kong

PRINCIPAL BANKERS

Hang Seng Bank Limited
DBS Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking
Corporation Limited

REGISTERED OFFICE

Harneys Fiduciary (Cayman) Limited
4th Floor, Harbour Place
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P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

 **Corporate Information (Continued)****PRINCIPAL PLACE OF BUSINESS IN
HONG KONG**

11/F China Aerospace Centre
No. 143 Hoi Bun Road
Kwun Tong
Kowloon, Hong Kong

**CAYMAN ISLANDS PRINCIPAL
REGISTRAR OFFICE**

Harneys Fiduciary (Cayman) Limited
3rd Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

**HONG KONG BRANCH SHARE
REGISTRAR AND TRANSFER OFFICE**

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK CODE

1955

INVESTOR RELATIONS CONSULTANT

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WEBSITE

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Management Discussion and Analysis

RESULTS

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

The Group recorded a revenue of approximately HK\$1,514.2 million for the Period, representing an increase of 16.2% compared with the same period last year. The Group's overall gross profit margin slightly increased from approximately 9.5% to 9.6%, which was mainly due to the successful cost control measures implemented by the Group.

Adjusted profit attributable to equity shareholders of the Company for the Period increased by approximately HK\$9.2 million or 15.9% from approximately HK\$58.2 million for the six months ended 30 September 2020 (excluding the receipt of wage subsidies from the Government's Employment Support Scheme) to approximately HK\$67.4 million for the Period. Such increase was mainly due to the increase in gross profit by approximately HK\$21.7 million from our services, which was partially offset by the increase in administrative expenses and income tax expenses.

BUSINESS REVIEW AND PROSPECTS

With the large-scale implementation of a vaccination programme during the Period, the COVID-19 outbreak is tapering off. Hong Kong's economy is gradually stabilising and is on the road to recovery. The environmental hygiene service industry also continues to benefit from the gradual improvement in local consumption and business confidence. Moreover, environmental health and hygiene awareness increased sharply across society during the pandemic, stimulating long-term demand for integrated environmental hygiene services.

However, the pandemic has fundamentally changed Hong Kong's business environment and model. To ensure that the Group's operations remain stable and can cater to demands from a range of customers for the Group's cleaning services, we must be equipped with stronger responsiveness and a reliable team of frontline employees, in order to meet unexpected threats and challenges. Given the rising awareness for sustainable development across society in recent years, there is a growing trend among large commercial organisations to take into account of the performance of service contractors in the environmental, social and corporate governance aspects during their project tender process. Such a trend creates an edge for the Group amidst fierce competition from industry peers. As a leading environmental hygiene service provider of the industry, the Group is always keen to introduce and implement innovative technology in our services so as to enhance our service quality and work efficiency. At the same time, as a major employer in the industry, we have continued to increase headcount since the outbreak of the pandemic and supplied our frontline employees with adequate personal protective equipment, disinfection tools as well as ordinary cleaning and disinfection products. Additionally, our entire fleet of specialised vehicles were sprayed with "sd Labs" anti-virus protective disinfectant coating to further safeguard the health of our frontline employees. Thus, building on the efforts of our outstanding team and our established reputation, the Group successfully shuffled and optimised our contract portfolio, particularly government contracts, driving the Group's results to greater heights.

Management Discussion and Analysis (Continued)

For our garbage logistics business, with the dedicated efforts of our specialised operation team and allocation of sufficient resources, service revenue has experienced rapid growth during the Period and we are progressively achieving scale of business. The Group secured garbage logistics contracts for the cargo terminal of the Hong Kong airport, a large iconic shopping mall in Hong Kong, and railway malls, with an aim to secure more garbage logistics contracts from the government and sizeable malls. Meanwhile, the Waste Disposal (Charging for Municipal Solid Waste) (Amendment) Bill 2018 was passed by the LegCo on 26 August 2021 with a preparatory period of 18 months for the Government and members of the public to prepare for the implementation of MSW charging, with regards to which we have been in active negotiations with our customers over future arrangements. Given that the implementation of MSW charging will bring significant changes to the operation model of the industry in the future, small and medium contractors will face greater operation pressure, which is expected to bring industry consolidation opportunities for the Group.

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

Looking ahead, it is expected that the environmental hygiene service market will continue to grow in size in the foreseeable future thanks to the sustained growth in the number of properties and continuous expansion of the public transportation system in Hong Kong. The Group strives to maintain steady general business growth with continuous expansion and innovation. Building on the Group's leading position in Hong Kong's environmental hygiene service market, we will seek to develop our garbage logistics business and distribution agency business in order to expand the Group's business scope. Meanwhile, the Group will pursue merger and acquisition opportunities in Hong Kong in order to accelerate the Group's general business development and further establish our local market presence. Further, we will complement the National 14th Five-Year Plan by actively studying the opportunities in the environmental hygiene services market in the Greater Bay Area, to capture business opportunities for expanding our business as and when appropriate.

FINANCIAL REVIEW

Revenue

The Group's revenue for the six months ended 30 September 2021 and 2020 were approximately HK\$1,514.2 million and HK\$1,303.5 million respectively, representing an increase of approximately HK\$210.7 million or 16.2%. The increase was mainly due to the increase in revenue generated from our government sector customers.

Management Discussion and Analysis (Continued)

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 2021 and 2020, the cost of services amounted to approximately HK\$1,368.5 million and HK\$1,179.6 million respectively, representing approximately 90.4% and 90.5% of the Group's revenue for the corresponding periods respectively. The percentage of cost of services to the Group's revenue decreased by approximately 0.1% as the Group was successful in implementing cost control measures.

Gross profit and gross profit margin

The Group's gross profit for the six months ended 30 September 2021 was approximately HK\$145.6 million, representing an increase of approximately HK\$21.7 million or 17.5% from approximately HK\$123.9 million for the corresponding period in 2020. The increase was mainly due to the increase in revenue and gross profit margin.

The gross profit margins of the Group for the six months ended 30 September 2021 and 2020 were approximately 9.6% and 9.5% respectively. As mentioned above, the increase in gross profit margin was mainly attributable to better cost control measures implemented by the Group. Therefore, the increment in revenue was higher than that in cost of services which resulted in the increase of gross profit margin.

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

During the six months ended 30 September 2020, the Group received wage subsidies of HK\$24.3 million (2021: Nil) from the Government's Employment Support Scheme under the anti-epidemic fund scheme.

Administrative expenses

The administrative expenses of the Group for the six months ended 30 September 2021 and 2020 were approximately HK\$64.3 million and HK\$53.6 million respectively, representing an increase of HK\$10.7 million or 20.0%. The increase was mainly due to the increase of employee expenses and directors' bonus. The Group continued to implement its budget cost control measures for administrative expenses during the Period.

Finance costs

The finance costs represented primarily the interest expenses on bank borrowings with floating interest rates. The finance costs amounted to approximately HK\$2.8 million and HK\$4.8 million for the six months ended 30 September 2021 and 2020 respectively, representing approximately 0.2% and 0.4% of the Group's total revenue respectively. The decrease was mainly due to the decrease of average interest rate together with enhanced treasury management efficiency.

Management Discussion and Analysis (Continued)

Profit for the period attributable to equity shareholders of the Company

The Group's profit for the Period attributable to equity shareholders of the Company for the six months ended 30 September 2021 and 2020 were approximately HK\$67.4 million and HK\$82.4 million respectively, representing a decrease of HK\$15.0 million or 18.2%. The decrease was mainly due to the lack of wage subsidies as described below for the six months ended 30 September 2021.

Excluding the receipt of wage subsidies from the Government's Employment Support Scheme under the anti-epidemic fund scheme for the period ended 30 September 2020, the adjusted profit attributable to equity shareholders of the Company for the Period and the six months ended 30 September 2020 amounted to approximately HK\$67.4 million and HK\$58.2 million respectively, representing an increase of HK\$9.2 million or 15.9%. The increase was mainly due to factors described above.

Liquidity and financial resources

The Group has funded the liquidity and capital requirements primarily through cash inflows from financing activities. As at 30 September 2021, the capital structure of the Group consisted of equity of approximately HK\$518.7 million (31 March 2021: HK\$488.8 million), bank and other borrowings of approximately HK\$359.2 million (31 March 2021: HK\$60.4 million) and lease liabilities of approximately HK\$23.7 million (31 March 2021: HK\$28.9 million).

Account receivables

As at 30 September 2021, the Group had total account receivables of approximately HK\$679.7 million (31 March 2021: HK\$360.2 million). The increase was mainly due to the delay in 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 fiscal year end of the Hong Kong Government 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 financing cash flows and bank borrowings. As at 30 September 2021, the Group's cash and cash equivalents were approximately HK\$471.1 million (31 March 2021: HK\$383.7 million). The Group pledged bank deposits of approximately HK\$24.5 million (31 March 2021: HK\$24.4 million) to secure the Group's banking facilities. As at 30 September 2021, the current ratio of the Group was approximately 1.5 times (31 March 2021: 1.9 times).

Accruals, other payables and provisions

As at 30 September 2021, the Group had total accruals, other payables and provisions of approximately HK\$352.6 million (31 March 2021: HK\$323.2 million). The increase was mainly due to the increase in accrued staff costs and provision. This is generally in line with the increase in revenue.

Management Discussion and Analysis (Continued)

Bank and other borrowings

As at 30 September 2021, the Group had total bank and other borrowings of approximately HK\$359.2 million (31 March 2021: HK\$60.4 million). The increase was mainly due to the increased demand of fund from our operating activities, especially owing to the slow settlement from our government sector customers for the Period as described above. As at 30 September 2021, the Group had aggregate banking facilities, which comprised of overdraft and revolving loan facilities, factoring facility and guarantee line facility, of approximately HK\$1,765.1 million, of which approximately HK\$1,002.1 million was unutilised.

Gearing ratio

As at 30 September 2021, the Group's gearing ratio was approximately 74.2% (31 March 2021: 18.3%), calculated by dividing total debts by total equity and multiplying the resulting value by 100%. The Group's total debts include interest-bearing bank and other borrowings, loan from a controlling shareholder and lease liabilities.

Foreign currency exposure

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

Capital expenditure

The Group incurred total capital expenditures of approximately HK\$18.0 million and HK\$22.7 million respectively for the six months ended 30 September 2021 and 2020 for additions of property, plant and equipment. The capital expenditure was principally incurred due to the acquisition of motor vehicles for rendering environmental hygiene service. It was mainly funded by cash generated from financing activities.

Capital Commitment

As at 30 September 2021, the Group had a total capital commitment of approximately HK\$4.7 million (31 March 2021: HK\$5.7 million), mainly comprising the related contracts for acquisition of motor vehicles for rendering environmental hygiene service.

Charges on the Group's Assets

As at 30 September 2021, the Group pledged certain property, plant and equipment, bank deposits, account receivables, right-of-use assets and financial assets at fair value through profit or loss ("FVTPL") to secure bank and other borrowings, performance bonds relating to deposits for cleaning, janitorial and other related service projects, and lease liabilities.

Management Discussion and Analysis (Continued)

Contingent Liabilities

(a) *Performance bonds*

At 31 March 2021 and 30 September 2021, there were contingent liabilities in respect of performance bonds relating to deposits for cleaning, janitorial and other related service projects and an employment compensation insurance contract issued by banks for the Group amounting to approximately HK\$404,399,000 and HK\$426,563,000 respectively. The performance bonds were secured by pledged bank deposits, account receivables, financial assets at FVTPL and were guaranteed by the Company.

(b) *Litigation*

As at 31 March 2021 and 30 September 2021, the Group has been involved in several on-going litigations and claims concerning personal injuries of its existing or former employees with estimated claim amounts, net of estimated insurance deductibles, of approximately HK\$4,575,000 and HK\$4,248,000 respectively. In the opinion of the directors of the Company, the provision of insurance deductibles had been provided based on insurance policies. The estimated costs and expenses above the insurance deductibles are expected to be adequately covered by the Group's insurance policies.

HUMAN RESOURCES

As at 30 September 2021, the Group had over 13,000 employees (31 March 2021: over 13,000 employees). Remuneration is determined with reference to market terms and in accordance with the performance, qualification and experience of each individual employee. Discretionary bonuses, based on each individual's performance, are paid to employees as recognition and in 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.

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

The Shares were listed on the Main Board of the Stock Exchange by way of global offering of 125,000,000 new Shares at an offer price of HK\$1.0 per share on 16 October 2019. The net proceeds from the global offering after deduction of the underwriting commission and related listing expenses were approximately HK\$87.9 million.

Management Discussion and Analysis (Continued)

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING (Continued)

The below table sets out the actual use and proposed applications of the net proceeds from 16 October 2019, being the listing date on which the Shares first becoming listed on the Main Board of the Stock Exchange to 30 September 2021:

Purpose	Approximate percentage of total amount	Net proceeds from the global offering (HK\$ million)	Actual use of proceeds up to 30 September 2021 (HK\$ million)	Remaining proceeds as at 30 September 2021 (HK\$ million)	Expected timeline of full utilisation of the remaining proceeds
Financing the upfront cost to manage the cash flow mismatch between salaries payment and collection of sales receipt	34.8%	30.6	30.6	—	N/A
Enhancing operational efficiency and quality of environmental hygiene service by upgrading hardware and software as well as recruiting additional talents mainly for contracting and operation department	19.0%	16.7	8.3	8.4	By March 2023
Acquiring suitable new specialised motor vehicles for rendering environmental hygiene service	17.4%	15.3	15.3	—	N/A
Development of waste management business including, among others, to develop or acquire businesses related to waste management such as running of fleets	17.0%	14.9	14.9	—	N/A
Purchase of suitable new automated cleaning machineries and equipment mainly for rendering environmental hygiene service	5.8%	5.1	5.1	—	N/A
General working capital	6.0%	5.3	5.3	—	N/A
	100%	87.9	79.5	8.4	

All unutilised net proceeds have been deposited with licensed banks in Hong Kong. The Group intends to apply the remaining proceeds as shown above.

As at the date of this interim report, the Directors consider that these proceeds are intended to be applied in accordance with the proposed application set out in the section headed "Future Plans and Use of Proceeds" in the Company's prospectus dated 27 September 2019.

The expected timeline of full utilization of the remaining proceeds for enhancing operational efficiency and quality of environmental hygiene service is postponed from March 2022 to March 2023 because the schedules of upgrading hardware and software as well as recruiting additional talents were delayed by the outbreak of COVID-19 last year.

 **Independent Review Report****RSM Hong Kong**29th Floor, Lee Garden Two, 28 Yun Ping Road,
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TO THE BOARD OF DIRECTORS OF Hong Kong Johnson Holdings Co., Ltd.*(Incorporated in the Cayman Islands with limited liability)***INTRODUCTION**

We have reviewed the interim financial information set out on pages 13 to 32 which comprises the condensed consolidated statement of financial position of the Company as at 30 September 2021 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independent Review Report (Continued)

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

RSM Hong Kong
Certified Public Accountants
Hong Kong
29 November 2021

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2021

	Note	Six months ended 30 September	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	6	1,514,163	1,303,498
Cost of services		(1,368,516)	(1,179,588)
Gross profit		145,647	123,910
Government subsidies from Employment Support Scheme of Hong Kong Special Administrative Region		–	24,271
Other income	7	1,036	5,309
Other gains	8	586	401
Reversal of allowance/(allowance) for account receivables		1,132	(1,808)
Administrative expenses		(64,331)	(53,565)
Profit from operations		84,070	98,518
Finance costs	9	(2,832)	(4,763)
Profit before tax		81,238	93,755
Income tax expense	10	(13,807)	(11,315)
Profit for the period	11	67,431	82,440
Other comprehensive income for the period, net of tax		–	–
Total comprehensive income for the period attributable to equity shareholders of the Company		67,431	82,440
Earnings per share			
Basic and diluted (HK cents per share)	13	13.5	16.5

Condensed Consolidated Statement of Financial Position

As at 30 September 2021

	Note	At 30 September 2021 HK\$'000 (Unaudited)	At 31 March 2021 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	14	124,481	123,704
Right-of-use assets		45,397	51,004
Financial assets at fair value through profit or loss ("FVTPL")		12,059	11,931
Deferred tax assets		746	522
Total non-current assets		182,683	187,161
Current assets			
Account receivables	15	679,718	360,155
Prepayments, deposits and other receivables		8,638	5,018
Inventories		527	–
Pledged bank deposits		24,460	24,443
Bank and cash balances		471,115	383,738
Total current assets		1,184,458	773,354
Current liabilities			
Account payables	16	23,011	22,857
Accruals, other payables and provisions		349,713	319,098
Dividend payable	12	37,500	–
Loan from a controlling shareholder	17	2,000	–
Bank and other borrowings	18	343,375	41,119
Lease liabilities		9,480	10,041
Current tax liabilities		35,300	22,154
Total current liabilities		800,379	415,269
Net current assets		384,079	358,085
Total assets less current liabilities		566,762	545,246

Condensed Consolidated Statement of Financial Position (Continued)

As at 30 September 2021

	<i>Note</i>	At 30 September 2021 HK\$'000 (Unaudited)	At 31 March 2021 HK\$'000 (Audited)
Non-current liabilities			
Provisions		2,864	4,106
Bank and other borrowings	18	15,821	19,316
Lease liabilities		14,257	18,820
Deferred tax liabilities		15,116	14,231
Total non-current liabilities		48,058	56,473
NET ASSETS		518,704	488,773
EQUITY			
Share capital	19	5,000	5,000
Reserves		513,704	483,773
TOTAL EQUITY		518,704	488,773

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2021

	Attributed to equity shareholders of the Company (unaudited)				
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Retained earnings HK\$'000	Total equity HK\$'000
At 1 April 2020	5,000	109,499	6,450	179,289	300,238
Total comprehensive income for the period	–	–	–	82,440	82,440
Changes in equity for the period	–	–	–	82,440	82,440
At 30 September 2020	5,000	109,499	6,450	261,729	382,678
At 1 April 2021	5,000	109,499	6,450	367,824	488,773
Total comprehensive income for the period	–	–	–	67,431	67,431
Dividend approved	–	–	–	(37,500)	(37,500)
Changes in equity for the period	–	–	–	29,931	29,931
At 30 September 2021	5,000	109,499	6,450	397,755	518,704

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2021

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
NET CASH USED IN OPERATING ACTIVITIES	(188,765)	(221,313)
Increase in pledged bank deposits	(17)	(8,093)
Interest received	20	97
Dividend received from financial assets at FVTPL	50	45
Purchases of property, plant and equipment	(17,993)	(22,681)
Proceeds from redemption of Financial assets at FVTPL	–	8,072
Proceeds from disposals of property, plant and equipment	651	–
NET CASH USED IN INVESTING ACTIVITIES	(17,289)	(22,560)
Drawdown of bank and other borrowings	30,000	63,947
Drawdown of loan from a controlling shareholder	2,000	–
Repayment of bank and other borrowings	(4,195)	(37,372)
Increase in factoring loans	272,956	279,323
Principal elements of lease payments	(5,124)	(3,668)
Interest paid	(2,206)	(4,274)
NET CASH GENERATED FROM FINANCING ACTIVITIES	293,431	297,956
NET INCREASE IN CASH AND CASH EQUIVALENTS	87,377	54,083
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	383,738	169,010
CASH AND CASH EQUIVALENTS AT END OF PERIOD	471,115	223,093
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	471,115	223,093



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

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 is Harneys Fiduciary (Cayman) Limited, 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands. The address of its principal place of business is 11th Floor, China Aerospace Centre, No. 143 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong.

The Company is an investment holding company. The Group is 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 disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

These condensed consolidated financial statements do not include all the notes of the type normally included in annual consolidated financial statements. Accordingly, they should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 March 2021. 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 2021 except for the adoption of new and revised standards as set out below.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2021. HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”) and Interpretations. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The accounting policies applied in these financial statements are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 31 March 2021. A number of new or amended standards are effective from 1 April 2021 but they do not have a material effect on the Group’s condensed consolidated financial statements.



Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

4. FAIR VALUE MEASUREMENTS

Except as disclosed below, the carrying amounts of the Group's financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

The following table shows the carrying amounts and fair value of financial assets, including their levels in the fair value hierarchy. It does not include fair value information for financial assets not measured at fair value of the carrying amount is a reasonable approximation of fair value.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

4. FAIR VALUE MEASUREMENTS (Continued)

(a) Disclosures of level in fair value hierarchy:

Description	Fair value measurements as at 30 September 2021		
	Level 2 HK\$'000 (unaudited)	Level 3 HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Recurring fair value measurements:			
Financial assets at FVTPL			
Investments in unlisted unit trusts	1,968	–	1,968
Investment in life insurance	–	10,091	10,091
	1,968	10,091	12,059

Description	Fair value measurements as at 31 March 2021		
	Level 2 HK\$'000 (audited)	Level 3 HK\$'000 (audited)	Total HK\$'000 (audited)
Recurring fair value measurements:			
Financial assets at FVTPL			
Investments in unlisted unit trusts	1,962	–	1,962
Investment in life insurance	–	9,969	9,969
	1,962	9,969	11,931

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

4. FAIR VALUE MEASUREMENTS (Continued)

(b) Reconciliation of financial assets measured at fair value based on level 3:

	Financial assets at FVTPL 30 September 2021 HK\$'000 (unaudited)
Financial assets at FVTPL Investments in life insurance At 1 April 2021	9,969
Total gains recognised in profit or loss	122
At 30 September 2021	10,091
	Financial assets at FVTPL 31 March 2021 HK\$'000 (audited)
Financial assets at FVTPL Investments in life insurance At 1 April 2020	17,646
Redemption	(8,072)
Total gains recognised in profit or loss	9,574 395
At 31 March 2021	9,969

The total gains or losses recognised in profit or loss including those for assets held at end of reporting period are presented in other gains in the condensed consolidated statement of profit or loss and other comprehensive income.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

4. FAIR VALUE MEASUREMENTS (Continued)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements:

The Group's Chief Financial Controller is responsible for the fair value measurements of financial assets and financial liabilities required for financial reporting purposes, including level 3 fair value measurements. The Chief Financial Controller reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the Chief Financial Controller and the Board of Directors at least twice a year.

Level 2 fair value measurements

Description	Valuation technique	Assets fair value as at	
		30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Investments in unlisted unit trusts	Derived from quoted unit prices	1,968	1,962

Level 3 fair value measurements

The investments in life insurance in level 3 represents life insurance policies for key management. The fair value of key management life insurance policies is determined by reference to the cash surrender value of the insurance policies.

If the cash surrender value increased/decreased by 6%, the Group's consolidated profit for the period and retained earnings would be increased/decreased by HK\$605,000 (unaudited) and HK\$598,000 (audited) for the six months ended 30 September 2021 and year ended 31 March 2021 respectively.

There were no changes in the valuation techniques used.

5. 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.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

5. SEGMENT INFORMATION *(Continued)*

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.

6. REVENUE

The Group's operations and main revenue streams are those described in the last annual financial statements. The Group's revenue is derived from cleaning, janitorial and other services income.

Disaggregation of revenue:

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue from contract with customers within the scope of HKFRS 15		
Cleaning, janitorial and other services income	1,514,163	1,303,498
Timing of revenue recognition		
Services transferred over time	1,514,163	1,303,498

7. OTHER INCOME

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Interest income	20	97
Dividend income from financial assets at FVTPL	50	45
Government subsidies <i>(note)</i>	966	5,167
	1,036	5,309

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

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

8. OTHER GAINS

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Gain on disposals/written off of property, plant and equipment, net	458	–
Fair value gain on financial assets at FVTPL	128	401
	586	401

9. FINANCE COSTS

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Interest on lease liabilities	598	489
Interest on bank and other borrowings	2,206	4,274
Interest on loan from a controlling shareholder	28	–
	2,832	4,763

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

10. INCOME TAX EXPENSE

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Current tax — Hong Kong profits tax Provision for the period	13,146	9,947
	13,146	9,947
Deferred tax	661	1,368
	13,807	11,315

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 2021 and 2020.

11. PROFIT FOR THE PERIOD

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

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Depreciation of property, plant and equipment	17,023	10,389
Depreciation of right-of-use assets	5,607	4,034
Gain on disposals/written off of property, plant and equipment, net	(458)	–
(Reversal of allowance)/allowance for account receivables	(1,132)	1,808
Short term lease rentals	116	135

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

12. DIVIDEND

The directors do not declare any interim dividend for the six months ended 30 September 2021 (2020: Nil).

The final dividend of HK7.5 cents per ordinary share for the year ended 31 March 2021 amounting to a total of HK\$37,500,000 was approved by the shareholders at the annual general meeting of the Company held on 9 September 2021, and was subsequently paid on 8 October 2021.

13. EARNINGS PER SHARE

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

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Earnings		
Earnings for the purpose of calculating basic earnings per share	67,431	82,440
	2021 '000	2020 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	500,000	500,000

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares in issue for the periods ended 30 September 2021 and 2020.

14. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2021, the Group acquired property, plant and equipment of approximately HK\$17,993,000 (six months ended 30 September 2020: HK\$22,681,000).

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

15. ACCOUNT RECEIVABLES

	At 30 September 2021 HK\$'000 (Unaudited)	At 31 March 2021 HK\$'000 (Audited)
Account receivables	680,578	363,954
Allowance for account receivables	(860)	(3,799)
	679,718	360,155

The aging analysis of account receivables, based on invoice date, is as follow:

	At 30 September 2021 HK\$'000 (Unaudited)	At 31 March 2021 HK\$'000 (Audited)
Up to 90 days	671,182	336,448
91 to 180 days	8,130	13,560
181 days to 1 year	477	9,205
Over 1 year	789	4,741
	680,578	363,954

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

16. ACCOUNT PAYABLES

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

	At 30 September 2021 HK\$'000 (Unaudited)	At 31 March 2021 HK\$'000 (Audited)
Up to 30 days	18,759	15,457
31 to 60 days	2,886	5,478
61 to 90 days	1,329	1,776
Over 90 days	37	146
	23,011	22,857

17. LOAN FROM A CONTROLLING SHAREHOLDER

The loan is unsecured, interest-bearing at 4% per annum and repayable within 180 days from the date of drawdown.

18. BANK AND OTHER BORROWINGS

	At 30 September 2021 HK\$'000 (Unaudited)	At 31 March 2021 HK\$'000 (Audited)
Bank loans	30,000	862
Factoring loans	306,474	33,518
Other borrowings	22,722	26,055
	359,196	60,435

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

18. BANK AND OTHER BORROWINGS (Continued)

The bank and other borrowings are repayable as follows:

	At 30 September 2021 HK\$'000 (Unaudited)	At 31 March 2021 HK\$'000 (Audited)
Within one year	343,375	41,119
More than one year, but not exceeding two years	7,237	7,072
More than two years, but not more than five years	8,584	12,244
	359,196	60,435
Less: Amount due for settlement within 12 months (shown under current liabilities)	(343,375)	(41,119)
Amount due for settlement after 12 months	15,821	19,316

The interest rates per annum were as follows:

	At 30 September 2021 HK\$'000 (Unaudited)	At 31 March 2021 HK\$'000 (Audited)
Bank loans	HIBOR +2.2%	HIBOR +2%
Factoring loans	HIBOR +1.6% to HIBOR +1.9%	HIBOR +1.6% to Prime rate -2%
Other borrowings	4.23% to 4.92%	4.23% to 4.92%

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

19. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised: Ordinary shares of HK\$0.01 each		
At 31 March 2021 (audited) and 30 September 2021 (unaudited)	3,000,000,000	30,000
Issued and fully paid: Ordinary shares of HK\$0.01 each		
At 31 March 2021 (audited) and 30 September 2021 (unaudited)	500,000,000	5,000

20. CONTINGENT LIABILITIES

(a) Performance bonds

At 31 March 2021 and 30 September 2021, there were contingent liabilities in respect of performance bonds relating to deposits for cleaning, janitorial and other related service projects and an employment compensation insurance contract issued by banks for the Group amounting to approximately HK\$404,399,000 (audited) and HK\$426,563,000 (unaudited) respectively. 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 2021 and 30 September 2021, the Group has been involved in several on-going litigations and claims concerning personal injuries of its existing or former employees with estimated claim amounts, net of estimated insurance deductibles, of approximately HK\$4,575,000 (audited) and HK\$4,248,000 (unaudited) 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.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

21. CAPITAL COMMITMENTS

	At 30 September 2021 HK\$'000 (Unaudited)	At 31 March 2021 HK\$'000 (Audited)
Contracted but not provided for: Consideration paid for purchase of property, plant and equipment	4,717	5,674

22. 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	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Compliance advisor fee to a related company (<i>note</i>)	331	420

Note: The related company has the common shareholder — Zhuhai Huafa Group Company Limited.

- (b) Included in the condensed consolidated statement of financial position are the following balances with related parties:

	At 30 September 2021 HK\$'000 (Unaudited)	At 31 March 2021 HK\$'000 (Audited)
Loan from a controlling shareholder (<i>note</i>)	2,000	–
Interest expense payable on loan from a controlling shareholder (<i>note</i>)	28	–

Note: The controlling shareholder is Hong Kong Huafa Investment Holdings Limited.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

22. RELATED PARTY TRANSACTIONS *(Continued)*

- (c) The remuneration of directors and other members of key management during the period:

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Basic salaries and allowances	9,070	6,602
Bonuses	15,908	12,496
Retirement benefit scheme contribution	694	687
	25,672	19,785

23. APPROVAL OF FINANCIAL STATEMENTS

The interim financial statements were approved and authorised for issue by the Board of Directors on 29 November 2021.

Other Information

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 September 2021, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code set out in Appendix 10 of the Listing Rules as adopted by the Company, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the Shares and underlying Shares

Name of Director	Capacity/Nature of interest	Number of Shares held ^(Note 1)	Approximate percentage of shareholding in issue as at 30 September 2021
LEE Wing Yee Loretta	Founder of a discretionary trust who can influence how the trustee exercises his discretion	153,750,000 (L) ^(Note 2)	30.75%

Notes:

- The letter "L" denotes the entity/person's long positions in the Shares.
- Canvest Environmental Protection Group Company Limited ("**Canvest Environmental**") is owned as to 54.75% by Best Approach Developments Limited ("**Best Approach**") (which is in turn directly held as to 55% by Harvest Vista Company Limited ("**Harvest Vista**") and indirectly held as to 45% by Harvest Vista through Century Rise Development Limited ("**Century Rise**"). The entire issued share capital of Harvest Vista is held by HSBC International Trustee Limited as trustee of Harvest VISTA Trust, a trust which Ms. LEE Wing Yee Loretta and Mr. LAI Kin Man are founders and established in accordance with the laws of the British Virgin Islands, and Mr. LAI Chun Tung, spouse of Ms. LEE Wing Yee Loretta, is the beneficiary of Harvest VISTA Trust. The discretionary beneficiaries of Harvest VISTA Trust include Ms. LEE Wing Yee Loretta, Mr. LAI Kin Man and the personal trust of Ms. LEE Wing Yee Loretta (the beneficiaries of which are Ms. LEE Wing Yee Loretta and her immediate family members). Canvest Environmental (China) Company Limited ("**Canvest (China)**") is an investment holding company indirectly wholly owned by Canvest Environmental through Yi Feng Development Limited ("**Yi Feng**") for the purpose of holding Shares. Under the SFO, Best Approach, Harvest Vista, Century Rise, Ms. LEE Wing Yee Loretta, Mr. LAI Kin Man, Mr. LAI Chun Tung and HSBC International Trustee Limited are deemed to be interested in all the Shares held by Canvest (China).

Save as disclosed above, as at 30 September 2021, none of the Directors or chief executives of the Company had any interests or short positions in any Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Other Information (Continued)

INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 30 September 2021, so far as the Directors are aware, the interests or short positions of the entities/ persons, other than a Director or chief executives of the Company, in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, were as follows:

Name	Capacity/Nature of interest	Number of Shares held <small>(Note 1)</small>	Approximate percentage of shareholding in issue as at 30 September 2021
Hong Kong Huafa Investment Holdings Limited (“ Hong Kong Huafa ”)	Beneficial interest and interest in controlled corporation	221,250,000 (L) <small>(Note 2)</small>	44.25%
Zhuhai Huafa Group Company Limited (“ Zhuhai Huafa ”)	Interest in controlled corporation	221,250,000 (L) <small>(Note 2)</small>	44.25%
Canvest (China)	Beneficial interest	153,750,000 (L)	30.75%
Yi Feng	Interest in controlled corporation	153,750,000 (L) <small>(Note 3)</small>	30.75%
Canvest Environmental	Interest in controlled corporation	153,750,000 (L) <small>(Note 4)</small>	30.75%
Best Approach	Interest in controlled corporation	153,750,000 (L) <small>(Note 5)</small>	30.75%
Century Rise	Interest in controlled corporation	153,750,000 (L) <small>(Note 5)</small>	30.75%
Harvest Vista	Interest in controlled corporation	153,750,000 (L) <small>(Note 5)</small>	30.75%
LAI Kin Man	Founder of a discretionary trust who can influence how the trustee exercises his discretion	153,750,000 (L) <small>(Note 5)</small>	30.75%
LAI Chun Tung	Beneficiary of a trust (other than a discretionary interest)	153,750,000 (L) <small>(Note 5)</small>	30.75%
LEE Wing Yee Loretta	Founder of a discretionary trust who can influence how the trustee exercises his discretion	153,750,000 (L) <small>(Note 5)</small>	30.75%
HSBC International Trustee Limited	Trustee	153,750,000 (L) <small>(Note 5)</small>	30.75%
South Pacific International Trading Limited (“ South Pacific ”)	Beneficial interest	45,000,000 (L)	9.00%

Other Information (Continued)

Name	Capacity/Nature of interest	Number of Shares held <small>(Note 1)</small>	Approximate percentage of shareholding in issue as at 30 September 2021
SIIC Estate Company Limited	Interest in controlled corporation	45,000,000 (L) <small>(Note 6)</small>	9.00%
SIIC Investment Company Limited	Interest in controlled corporation	45,000,000 (L) <small>(Note 6)</small>	9.00%
SIIC International (BVI) Company Limited	Interest in controlled corporation	45,000,000 (L) <small>(Note 6)</small>	9.00%
Shanghai Industrial Investment (Holdings) Company Limited (" SIIC ")	Interest in controlled corporation	45,000,000 (L) <small>(Note 6)</small>	9.00%

Notes:

- The letter "L" denotes the entity/person's long position in the Shares.
- 210,000,000 Shares are registered in the name of Hong Kong Huafa and 11,250,000 Shares are registered in the name of Huafa Property Services Group Company Limited (formerly known as HJ Capital (International) Holdings Company Limited) ("**Huafa Property Services**"). Since Huafa Property Services is owned as to 36.88% by Hong Kong Huafa through Huajin Investment Company Limited, Hong Kong Huafa is deemed to be interested in 11,250,000 Shares held by Huafa Property Services under the SFO. Since the entire share capital of Hong Kong Huafa is wholly owned by Zhuhai Huafa, under the SFO, Zhuhai Huafa is deemed to be interested in all the Shares held by Hong Kong Huafa and Huafa Property Services. Zhuhai Huafa is a PRC state-owned conglomerate based in Zhuhai, the People's Republic of China.
- The Shares are registered in the name of Canvest (China), the entire share capital of which is wholly owned by Yi Feng. Under the SFO, Yi Feng is deemed to be interested in all the Shares held by Canvest (China).
- Yi Feng is wholly owned by Canvest Environmental. Under the SFO, Canvest Environmental is deemed to be interested in all the Shares held by Canvest (China) (through its shareholding in Yi Feng).
- Canvest Environmental is owned as to 54.75% by Best Approach (which is in turn directly held as to 55% by Harvest Vista and indirectly held as to 45% by Harvest Vista through Century Rise). The entire issued share capital of Harvest Vista is held by HSBC International Trustee Limited as trustee of Harvest VISTA Trust, a trust which Ms. LEE Wing Yee Loretta and Mr. LAI Kin Man are founders and established in accordance with the laws of the British Virgin Islands, and Mr. LAI Chun Tung, spouse of Ms. LEE Wing Yee Loretta is the beneficiary of Harvest VISTA Trust. The discretionary beneficiaries of Harvest VISTA Trust include Ms. LEE Wing Yee Loretta, Mr. LAI Kin Man and the personal trust of Ms. LEE Wing Yee Loretta (the beneficiaries of which are Ms. LEE Wing Yee Loretta and her immediate family members). Canvest (China) is an investment holding company indirectly wholly owned by Canvest Environmental through Yi Feng for the purpose of holding Shares. Under the SFO, Best Approach, Harvest Vista, Century Rise, Ms. LEE Wing Yee Loretta, Mr. LAI Kin Man, Mr. LAI Chun Tung and HSBC International Trustee Limited are deemed to be interested in all the Shares held by Canvest (China).
- South Pacific is a direct wholly-owned subsidiary of SIIC Estate Company Limited and an indirect wholly-owned subsidiary of SIIC Investment Company Limited, SIIC International (BVI) Company Limited and SIIC. SIIC is a company incorporated in Hong Kong with limited liability and an overseas conglomerate controlled by the Shanghai municipal government. As at the date of this report, SIIC was the controlling shareholder of Shanghai Industrial Holdings Limited ("**SIHL**"), a limited liability company incorporated in Hong Kong whose shares are listed on the Stock Exchange (stock code: 0363). As at the date of this report, SIHL, through its indirect wholly-owned subsidiary, True Victor Holdings Limited, was interested in approximately 19.48% of Canvest Environmental. South Pacific is principally engaged in securities investment.

Other Information (Continued)

Save as disclosed above, as at 30 September 2021, the Company had not been notified of any entities/persons (other than Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

INTERIM DIVIDEND

The Board does not declare any interim dividend for the Period (2020: 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

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of its shareholders and to enhance corporate value and accountability. The Company has adopted the principles and code provisions as set out in the CG Code as its own code of corporate governance.

Throughout the Period, the Company has complied with all applicable code provisions set out in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct for Directors in their dealings in the securities of the Company. Specific enquiry has been made to all the Directors and the Directors have confirmed that they have complied with the requested standards set out in the Model Code throughout the period ended 30 September 2021. The Company has also established written guidelines no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the guidelines by the employees was noted by the Company.

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.

Other Information (Continued)

CHANGES IN DIRECTOR'S BIOGRAPHICAL DETAILS UNDER RULE 13.51B(1) OF THE LISTING RULES

In accordance with Rule 13.51B(1) of the Listing Rules, changes of Directors' information since the last published 2020/2021 annual report of the Company and up to the date of this interim report are set out below:

Name	Details of Change
XU Jili	Ms. XU has been appointed as a non-executive director and the chairwoman of the board of the directors of Beijing Digital Telecom Co., Ltd., a company which shares are listed on the Main Board of the Stock Exchange (stock code: 6188) with effect from 30 June 2021, and was re-designated from a non-executive director to an executive director and continue to serve as the chairwoman of the board of directors since 10 August 2021.
XIE Hui	Mr. XIE has been appointed as a non-executive director of Beijing Digital Telecom Co., Ltd., a company which shares are listed on the Main Board of the Stock Exchange (stock code: 6188) with effect from 10 September 2021.
GUAN Yuyan	Dr. GUAN has resigned as associate professor of City University of Hong Kong with effect from July 2021. She has served as associate professor of College of Business (Nanyang Business School), Nanyang Technological University, Singapore since 10 August 2021.
HONG Kam Le	Mr. HONG has resigned as a company secretary and an authorised representative of Shengli Oil & Gas Pipe Holdings Company Limited, a company which shares are listed on the Main Board of the Stock Exchange (stock code: 1080) with effect from 30 June 2021.

Save as disclosed above, there is no other changes in information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules as at 30 September 2021.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express gratitude to the Group's management team and staff for their dedication, as well as our shareholders, investors and business partners' support and trust.

For and on behalf of the Board

XU Jili

Chairman

Hong Kong, 29 November 2021

Definitions

In this interim report, the following expressions shall have the following meanings unless otherwise specified:

“14th Five-Year Plan”	outline of the 14th Five-Year Plan for National Economic and Social Development of the PRC and the Long-Range Objectives Through the Year 2035
“Board”	the board of Directors
“CG Code”	the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules
“Chairman”	the chairman of the Board
“Company”	Hong Kong Johnson Holdings Co., Ltd. (香港莊臣控股有限公司) (stock code: 1955), a company incorporated in the Cayman Islands as an exempted company with limited liability, the issued Shares are listed on the Main Board of the Stock Exchange
“COVID-19”	coronavirus disease 2019
“Director(s)”	the director(s) of the Company
“Greater Bay Area”	the Guangdong-Hong Kong-Macao Greater Bay Area comprises the two Special Administrative Regions of Hong Kong and Macao, and the nine municipalities of Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing in Guangdong Province
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“LegCo”	Legislative Council of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“MSW”	the municipal solid waste
“Period”	the six months ended 30 September 2021
“PRC”	People’s Republic of China
“SFO”	the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time
“Shares”	ordinary shares of HK\$0.01 each in the issued capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent



Hong Kong Johnson Holdings Co., Ltd.
香港莊臣控股有限公司

