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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)

**CHANGE IN ACCOUNTING ESTIMATES
AND
PROFIT WARNING**

This announcement is made by Hong Kong Johnson Holdings Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

CHANGE IN ACCOUNTING ESTIMATES

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors of the Company that, in order to reflect more accurately and appropriately the condition of fixed assets of the Group and their impact on the financial position and operating results of the Group, the Company has changed the accounting estimates relevant to the depreciation of certain motor vehicles of the Group, including heavy goods vehicles, special purpose vehicles and medium goods vehicles (“**Certain Motor Vehicles**”) (the “**Change in Accounting Estimates**”).

Details of the Change in Accounting Estimates

Taking into account the fact that (i) the Group’s historical experience of the actual useful life of its Certain Motor Vehicles could reach 7 years or above; and (ii) a comparison analysis made between the Group and comparable listed companies which are principally engaged in provision of cleaning and other related service in terms of the useful life of motor vehicles, the Group changed the expected useful life of Certain

Motor Vehicles from 5 years to 7 years with effect from 1 April 2023 to better reflect the useful life of its motor vehicles. The Change in Accounting Estimates is also in compliance with the relevant requirements of the Hong Kong Financial Reporting Standards and is in the interests of the Company and its Shareholders as a whole.

Impact of the Change in Accounting Estimates

The Change in Accounting Estimates will increase the period of depreciation and will in turn decrease the principal annual rates of depreciation of Certain Motor Vehicles. According to the Company's estimates, the Change in Accounting Estimates is expected to decrease the depreciation expenses of the fixed assets of the Group by approximately HK\$13.3 million and increase the profit before tax of the Group by approximately HK\$13.3 million for the full financial year ending 31 March 2024. The expected financial impact of the Group for the financial year of 2023/2024 arising from the Change in Accounting Estimates is only a preliminary assessment by the Company based on the information currently available and has not been confirmed, reviewed or audited by the Company's auditor.

The Company's auditor, RSM Hong Kong, will audit the consolidated financial statements of the Group for the financial year of 2023/2024 which will include the Change in Accounting Estimates when it performs financial statement audit for the financial year of 2023/2024.

The Change in Accounting Estimates adopts a prospective application method for accounting treatment without retroactive adjustment and will not have an impact on the financial position and operating results of the Group's disclosed financial statements in previous years.

OPINIONS OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

All the independent non-executive Directors expressed their independent opinions in favour of the Change in Accounting Estimates and are of the view that (i) the Change in Accounting Estimates are made taking into account the factors as set out above, including the historical experience of the actual useful life of the Certain Motor Vehicles and a comparison analysis between the Group and other comparable listed companies which are principally engaged in the provision of cleaning and other related services, and thus the Change in Accounting Estimates is in line with the actual situation of the Group and more accurately reflects the financial position and operating results of the Group; and (ii) will not prejudice the interests of the Company and its shareholders as a whole.

PROFIT WARNING

The Board further wishes to inform the Shareholders and potential investors of the Company that, according to the information currently available and after preliminary assessment on the unaudited consolidated management accounts of the Group for the first five months ended 31 August 2023 (the “**Period**”) by the management of the Company, the revenue of the Group for the Period is expected to record a decrease of about 34% as compared to that for the first five months ended 31 August 2022 of approximately HK\$1,035.6 million. The profit attributable to the equity holders of the Company for the Period is expected to record a decrease of about 57% after taking into account the Change in Accounting Estimates as stated above as compared to that for the first five months ended 31 August 2022 of approximately HK\$27.4 million. According to the information currently available, the decrease in revenue and profit during the Period as compared to the five months ended 31 August 2022 was mainly attributable to (i) certain government contracts for the provision of cleaning services not being successfully renewed since April 2023, which caused a decrease in revenue generated from our government customers during the Period; (ii) the decrease in profit margin of the Group’s certain service contracts due to intense market competition; (iii) the decrease in government subsidies by approximately HK\$1.8 million received from the Employment Support Scheme of the Government of the Hong Kong Special Administrative Region during the Period as compared to that for the first five months ended 31 August 2022; and (iv) the decrease in certain fixed costs of the Group during the Period was less than the decline in revenue.

As the Company is still in the process of finalizing the results of the Group for the six months ended 30 September 2023, the information contained in this announcement is only based on the preliminary assessment made with reference to the unaudited consolidated management accounts of the Group for the Period (such accounts have not been confirmed, reviewed or audited by the Company’s auditor nor reviewed by the audit committee of the Company, and the accounts have not been finalized and may be subject to adjustments) currently available to the management and other information currently available. The actual financial results of the Group for the six months ended 30 September 2023 may differ from the information disclosed in this announcement and further announcement in respect of this matter will be made by the Company as appropriate in accordance with the Listing Rules. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company, and to read carefully the interim results announcement of the Company for the six months ended 30 September 2023, which will be published by the end of November 2023.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 20 October 2023

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. JIN Liang, Mr. YAN Jun, Ms. LI Yanmei, Ms. LEE Wing Yee Loretta, Ms. WONG Ling Fong Lisa and Mr. ZHOU Wenjie; 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.