



**JUSTIN ALLEN HOLDINGS LIMITED**

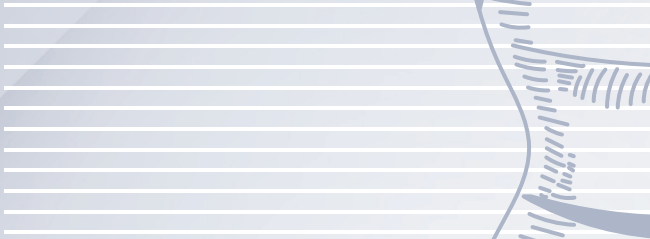
**捷隆控股有限公司**

Incorporated in the Cayman Islands with limited liability

**Stock Code : 1425**

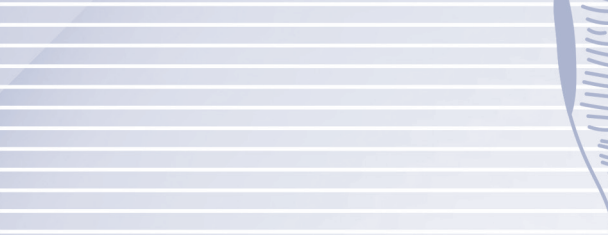
Interim Report

2022



# CONTENTS

Management Discussion and Analysis	2
Other Information	11
Financial Contents	17
Corporate Information	36





## MANAGEMENT DISCUSSION AND ANALYSIS

### **Business Review**


The Group primarily engages in the business of OEM garment manufacturing, specializing in the production of sleepwear and loungewear products. We have a vertically integrated business operation, which is comprised of (1) raw materials sourcing and greige fabric production, (2) raw materials and fabric development, (3) garment design, (4) customer consultation on product design and fabric use, conducting key garment production processes with our production facilities, and (5) carrying out quality control at various key production stages and on finished garment products. As such, in addition to the individual services listed above, the Group offers our customers a one-stop solution, from apparel inception to finalized production and shipment. The Group owns production facilities in each of Henan Province, the People's Republic of China (“**PRC**”) and Phnom Penh, Cambodia. In Vietnam, the Group at this stage operates production via sub-contractors with long-term relationship.

In the first half of 2022, the further rapid spread of the COVID-19 Omicron variant posed certain challenges to the global epidemic prevention and control. The global inflation brought by the epidemic and the upheaval in Europe hindered the process of economic recovery. The production and operation of enterprises and international trade activities were affected to varying degrees in the second quarter of the year. Benefiting from the proactive implementation of business strategies such as diversification of production bases and product portfolio, the Group is able to maintain constant growth under the current challenging economic environment. For the six months ended 30 June 2022, the sales volume of sleepwear and loungewear products of the Group was approximately 13.3 million pieces, which recorded an increment of approximately 29.1% as compared to the sales volume for the six months ended 30 June 2021.

### **Financial Review**

#### **Revenue**

For the six months ended 30 June 2022, the revenue of the Group recorded approximately HK\$476.4 million, representing an increment of approximately 31.8% as compared with the same period of last year. During the first half of 2022, the sales volume of sleepwear and loungewear products of the Group was approximately 13.3 million pieces, which recorded an increment of approximately 29.1% as compared to the sales volume for the same period of 2021. On the other hand, due to the change of product mix, the average selling price of our sleepwear and loungewear products slightly increased by approximately 4.0% as compared with that in 2021.



### **Gross profit**

The gross profit of the Group in the first half of 2022 was approximately HK\$122.1 million with average gross profit margin of approximately 25.6%, while it was approximately HK\$87.2 million with average gross profit margin of approximately 24.1% in the same period of 2021. Although the production and operation of enterprises and international trade activities were affected by the continuing COVID-19 epidemic to varying degrees in the second quarter of the year and the raw material and production cost maintained at a higher level, the diversification of production bases to allocate production among different bases which saves transportation cost and time, and thus resulted in the slight increase of average gross profit margin during the current period.

### **Other income**

For the six months ended 30 June 2022, the Group recorded other income of approximately HK\$5.5 million, while it was approximately HK\$7.0 million during the six months ended 30 June 2021. The reduction was mainly due to there was a one-off income of approximately HK\$1.8 million in 2021 while no similar items were recorded in 2022.

### **Other gains and losses**

For the six months ended 30 June 2022, the Group recorded other net losses of approximately HK\$23.8 million, while it was approximately HK\$0.6 million during the six months ended 30 June 2021. During the current period, the Group recorded approximately HK\$11.1 million aggregated realized and unrealized net losses from investments in market-tradeable bond and funds, which were recorded according to the market value as at the reporting date. The Group intended to hold these investments till maturity, and no default events were noted. Thus it is expected that these losses will not be realized when the investments are due to be redeemed at maturity. Also, the Group recorded approximately HK\$11.5 million aggregated realized and unrealized net losses from foreign exchange options mainly due to the depreciation of RMB during the current period. Since nearly half of the operation costs were incurred in PRC and denominated in RMB, the Group intended to apply these foreign exchange options to lock the exchange risk between RMB and USD.





### ***Selling and distribution expenses***

For the six months ended 30 June 2022, the selling and distribution expenses of the Group were approximately HK\$21.8 million, which were similar to those in the same period of last year. This was mainly due to the benefit from the depreciation of RMB during the current period and thus the Group can maintain a similar level of marketing expenses when expanding our business scope.

### ***Administrative expenses***


The administrative expenses of the Group for the six months ended 30 June 2022 were approximately HK\$31.5 million, with an increment of approximately HK\$1.5 million as compared to the same period of last year. During the current period under review, the Group was setting up the Honduras factory and also the pre-operation works for Vietnam production base were conducted as planned, and thus incurred additional administrative expenses for these 2 projects.

### ***Finance costs***

For the six months ended 30 June 2022, the finance costs of the Group were approximately HK\$3.5 million, while they were approximately HK\$1.5 million during the same period of last year. In the first half of 2022, the interest rates for trade financing such as factoring and discounting were higher than those in 2021 due to the changing global economic environment, and thus resulted in the increment of finance costs during the current period.

### ***Profit attributable to the owners of the Company***

The profit attributable to the owners of the Company increased by approximately 8.0% from approximately HK\$31.7 million for the six months ended 30 June 2021 to approximately HK\$34.2 million for the six months ended 30 June 2022. The increment of net profit was mainly due to the increment of revenue and gross profit.



## Receivables and payables

As at 30 June 2022, the trade and other receivables of the Group amounted to approximately HK\$162.8 million, which were slightly lower than the balance as at the year ended 31 December 2021. The prepayment amount, which were mainly prepaid to raw material suppliers and sub-contractors for the preparation of confirmed sales orders, decreased by approximately HK\$40.7 million since raw materials were delivered and services from sub-contractors were realized during the current period. Also, the prepayments to import-export corporations increased by approximately HK\$27.4 million due to the increment of export sales during the first six months of 2022.


As at 30 June 2022, the trade and other payables of the Group amounted to approximately HK\$340.7 million, representing an increase of approximately HK\$155.9 million as compared to the balance in 2021. The main reason for such increment is the increase in business scope during this period, resulting in an increase of approximately HK\$58.1 million in the trade payables. Also the final dividend for the fiscal year 2021, amounted to approximately HK\$73.8 million, was approved by shareholders of the Company during the current period but was paid after the period end, thus a corresponding payable amount was recorded as at 30 June 2022.

## Outlook and future prospects

This year is a year with challenges. In spite of the COVID-19 epidemic is continuing to affect our normal life, and the global economic environment is full of uncertainties, the Group will continue to make effort to maintain our existing business with a stable growth, on the other hand the Group is planning ahead for business expansion in order to capture future business opportunities available after the economy recovers.

The Group is now establishing a production plant in Honduras which is expected to commence production in the second half of 2022. This new production plant may shorten the delivery time to our American customers, provides us a base to further explore the American markets and reach different customers on the other side of the world, and also diversify the economic and political risks exposed during international trading activities.

Moreover, in July 2022 the Vietnam government approved our investment proposal in relation to the construction of a production plant in Thua Thien Hue Province, Vietnam. The project will be divided into 2 phases, and the Group's production capacity will be doubled upon completion of the construction. It is expected that the new production plant can reduce the outsourcing to sub-contractors, which may result in the reduction of cost and enhancement of quality.



For horizontal integration, the Group has been working with our customers to extend our product categories to children's wear together with our current sleepwear and loungewear products. A trial order had been conducted in order to allow our customer to further assess the quality and safety standards. In view of the great potential of children's wear market, it is expected to be a significant business growing point once it passes the assessments.

In view of the above planning, the Group aims to expand our existing and new markets by utilizing our solid foundation, market analysis, and technical research to place ourselves in a position to capture future opportunities to provide fruitful returns for the Group and all shareholders.

### **Financial resources and liquidity**

As at 30 June 2022, the Group had current assets of approximately HK\$701.3 million (31 December 2021: HK\$593.1 million) and current liabilities of approximately HK\$389.4 million (31 December 2021: HK\$238.3 million). The current ratio was 1.80 as at 30 June 2022 as compared with 2.49 as at 31 December 2021.

The Group's cash and bank balances as at 30 June 2022 amounted to approximately HK\$149.5 million (31 December 2021: HK\$98.5 million), of which approximately 53.8% were denominated in Hong Kong dollars, approximately 24.4% were denominated in Renminbi, approximately 21.6% were denominated in United States dollars, and approximately 0.2% were denominated in other currencies.

As at 30 June 2022, the Group had outstanding bank loan amounted to approximately HK\$9.4 million which was granted by a bank in Hong Kong, and was denominated in United States Dollars, with interest rates charged by bank at 3.37%. As at 31 December 2021, the Group had outstanding bank loans amounted to approximately HK\$35.5 million which were granted by banks in Singapore and PRC, and were denominated in United States Dollars and Renminbi, with interest rates charged by banks ranged from 1.32% to 4.70% per annum. All bank loans were charged at fixed interest rate. The Group pledged assets of the Group with a net book value of HK\$137.1 million (31 December 2021: HK\$144.7 million) for banking facilities.

The gearing ratio of the Group, measured by bank borrowings as a percentage of shareholders' equity, was approximately 2.0% as at 30 June 2022 as compared with approximately 6.8% as at 31 December 2021.



Since the Group's principal activities are in Hong Kong and PRC and the financial resources available, including cash on hand and bank borrowings, are mainly in Hong Kong Dollars, Renminbi and United States Dollars, the exposure to foreign exchange fluctuation is relatively limited. As at 30 June 2022, the Group entered into foreign currency options to lock the exchange risk between Renminbi and United States dollars. The Group will from time to time consider different financial instruments to control the foreign exchange risk at a manageable level.

The Group intends to principally finance its operations and investing activities with its operating revenue, internal resources and bank facilities. The Directors believe that the Group has a healthy financial position and has sufficient resources to satisfy its capital expenditure and working capital requirement. The Group adopted a conservative treasury policy with most of the bank deposits being kept in Hong Kong dollars or United States dollars or in the local currencies of the operating subsidiaries to minimize exposure to foreign exchange risks, and making investment in financial instruments with open market, good credit rating and low market risk to earn stable return. Saved as disclosed above, the Group did not have other interest or currency swaps or other financial derivatives for hedging purposes.

As at 30 June 2022, the Group invested in 16 sets of market-tradable bond instruments with par value between USD0.2 million and USD2.0 million each through a bank via different transactions with the objective to apply unutilized short-term available fund to earn stable return from a diversified portfolio. Those bond instruments were issued by 13 different issuers (who are independent third parties) in Hong Kong Stock Exchange or Singapore Stock Exchange and were acquired by the Group on the secondary market, with par value (aggregated according to each issuer) ranged from USD0.2 million to USD2.0 million and coupon rate ranged from 3.75% to 7.95%. The principal business activities of these issuers mainly include banking, airline services, property and real estate development in the PRC, etc.. As at 30 June 2022, the total amount of par value of these bonds was approximately USD9.0 million (equivalent to approximately HK\$70.2 million) and the market value was approximately USD7.3 million (equivalent to approximately HK\$57.3 million), and the aggregation of par value of bond instruments from each issuer represented less than 5% of the total assets of the Group. During the six months ended 30 June 2022, the Group recognized realized trading loss of approximately HK\$47,000 and unrealized loss from mark-to-market fair value adjustments of approximately HK\$7.0 million.



As at 30 June 2022, the Group also invested in 12 different investment funds with par value between USD0.4 million and USD2.0 million each through a bank. These funds were issued by 10 different financial institutions (which are independent third parties) with par value ranged from USD0.4 million to USD3.9 million each. As at 30 June 2022, the total amount of par value of these funds was approximately USD11.3 million (equivalent to approximately HK\$88.1 million) and the market value was approximately USD10.8 million (equivalent to approximately HK\$84.2 million), and the aggregation of par value of funds from each issuer represented less than 5% of the total assets of the Group. During the six months ended 30 June 2022, the Group recognized unrealized loss from mark-to-market fair value adjustments of approximately HK\$4.0 million.

The management of the Group made risk assessments and set different criteria before making investment in each bond instrument and investment fund, including (but not limited to) understanding the business nature of each issuer and characteristics of each bond instrument and investment fund through related product introduction materials, ensure the risk and reward from each investment is in a reasonable balance and all are tradeable in open market in order to maintain high liquidity. We may also review the investment portfolio from time to time, and remain cautious with the volatility in global financial markets due to the geopolitical tensions as well as the fluid outlook of interest rates.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 30 June 2022, the Group employed 1,923 staff and workers (31 December 2021: 1,712). The Group remunerates its employees based on their performance and experience and their remuneration package will be reviewed periodically by the management. Other employee benefits include medical insurance, retirement scheme, appropriate training program and share option scheme.

## **CONTINGENT LIABILITIES**

The Group had no significant contingent liabilities as at 30 June 2022.



## USE OF NET PROCEEDS FROM GLOBAL OFFERING

After deduction of all related listing expenses and commissions, the net proceeds from the global offering amounted to approximately HK\$60.8 million. The details of amount utilized as at 30 June 2022 and expected timetable for the unutilized proceeds are as follows:

	<b>Allocation</b> <i>HK\$'million</i>	<b>Amount utilized up to 30 June 2022</b> <i>HK\$'million</i>	<b>Amount unutilized up to 30 June 2022</b> <i>HK\$'million</i>	<b>Expected timeline for the unutilized net proceeds to be utilized</b> <i>(Note)</i> <b>For the year ending 31 December 2022</b> <i>HK\$'million</i>
Further development of existing factory in Henan	<b>45.1</b>	<b>12.0</b>	<b>33.1</b>	<b>33.1</b>
New production factory in Vietnam	<b>13.8</b>	–	<b>13.8</b>	<b>13.8</b>
Working capital	<b>1.9</b>	–	<b>1.9</b>	<b>1.9</b>
<b>Total</b>	<b>60.8</b>	<b>12.0</b>	<b>48.8</b>	<b>48.8</b>

*Note:* The expected timeline for utilizing the unutilized net proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to change based on the current and future development of market conditions.



## **MATERIAL ACQUISITIONS AND DISPOSALS**

The Group did not have material acquisitions and disposals for the six months ended 30 June 2022.

## **SIGNIFICANT INVESTMENT AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

Save as disclosed above, during the six months ended 30 June 2022, the Group did not have other significant investments.

## **EVENTS AFTER THE REPORTING PERIOD**

Save as disclosed above and in this report, no other subsequent events occurred after 30 June 2022 which may have a significant effect on the assets and liabilities or future operations of the Group.

## OTHER INFORMATION

### Directors' and Chief Executive's Interests and Short Positions in Shares of the Company ("Shares") and Underlying Shares

As at 30 June 2022, the Directors and the chief executives of the Company, and their respective associates had the following interests in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "**SFO**")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**");

Name of Director	Capacity	Number of ordinary shares held (Note 1)	Approximate percentage of the Company's issued share capital
Mr. Tam Kwok Pui ("Mr. Tam")	Interest in controlled corporation (Note 2)	838,076,505 (L)	67.1%
Ms. Yeung Suk Foon Paulina ("Mrs. Tam")	Family interest of spouse (Note 3)	838,076,505 (L)	67.1%

Note:

- (1) The letter "L" denotes the person's long position in our Shares.
- (2) Strategic King Holdings Limited ("**Strategic King**") is owned as to 90% by Mr. Tam and 10% by Mrs. Tam. Mr. Tam controls more than one-third of the voting rights of Strategic King and is deemed interested in the shares held by Strategic King by virtue of the SFO.
- (3) Mrs. Tam is the spouse of Mr. Tam and is deemed interested in the Shares held by Mr. Tam by virtue of the SFO.

Apart from the foregoing, none of the Directors and chief executive of the Company or any of their spouses or children under eighteen years of age has interests or short positions in shares, underlying shares or debentures of the Company, any of its holding company, subsidiaries or fellow subsidiaries, as recorded in the register required to be kept under section 352 of the SFO or pursuant to the Model Code contained in the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) Rules or required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of the SFO.

### **Substantial Shareholders’ Interests and Short Positions in Shares and Underlying Shares**


As at 30 June 2022, the following persons (other than the Directors or chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company which are required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO.

### **Long and Short Positions in the Shares of the Company**

<b>Name of Shareholder</b>	<b>Nature of interests</b>	<b>Number of the shares interested</b> <i>(Note 1)</i>	<b>Approximate percentage or attributable percentage of shareholding (%)</b>
Strategic King	Beneficial owner <i>(Note 2)</i>	838,076,505 (L)	67.1%

Notes:

1. The letter “L” denotes the person’s long position in our Shares.
2. Strategic King is owned as to 90% by Mr. Tam and 10% by Mrs. Tam. Mr. Tam and his spouse, Mrs. Tam control more than one-third of the voting rights of Strategic King and are deemed interested in the shares held by Strategic King by virtue of the SFO.



Save as disclosed above, as at 30 June 2022, the Directors or chief executive of the Company were not aware of any other person (other than the Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

### **Share Option Scheme**

The Company has adopted a share option scheme (the “**Share Option Scheme**”) on 17 October 2019. Summary of the principal terms of the Share Option Scheme was disclosed in the Prospectus.


The total number of securities available for issue under the Share Option Scheme as at the date of this interim report was 125,000,000 shares which represented approximately 10% of the issued share capital of the Company as at the date of this interim report. No option had been granted or agreed to be granted as at the date of this interim report.

During the six months ended 30 June 2022, none of the Company or any of its subsidiaries was a party to any arrangement to enable the Directors to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

### **Purchase, Sale or Redemption of Shares**

During the six months ended 30 June 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Shares.





## **Competing Interest**

None of the Directors or the controlling shareholders (as defined in the Listing Rules) of the Company (“**Controlling Shareholders**”) had an interest in a business which competes or may compete with the business of the Group.

Each of the Controlling Shareholders has provided a written confirmation (each a “**Confirmation**”, and together the “**Confirmations**”) to the Company confirming that he/she/it fully complied with the Deed of Non-Competition (as defined in the Prospectus) during the six months ended 30 June 2022 and that they did not conduct any competing business with the Group and were not offered any competing business opportunities with the Group during the six months ended 30 June 2022. The independent non-executive Directors have reviewed the Confirmations from the Controlling Shareholders and are satisfied that the Deed of Non-Competition was fully complied with by Controlling Shareholders during the six months ended 30 June 2022, and no competing business was reported by the Controlling Shareholders throughout the six months ended 30 June 2022.

## **Directors’ Interests in Transactions, Arrangements or Contracts**

Save for the service contracts and letters of appointment entered into with the respective Directors, no contract of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the period under review or any time during the period.

## **Model Code for Securities Transactions**

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct for securities transactions by Directors. Having made specific enquiry of the Directors, all Directors have confirmed their compliance with all the relevant requirements as set out in the Model Code during the six months ended 30 June 2022.



## **Code of Corporate Governance Practices**

The Company has complied with all of the code provisions of the Corporate Governance Code and Corporate Governance Report (the “**Code**”) as set out in Appendix 14 of the Listing Rules during the six months ended 30 June 2022, except for the following deviations:


Pursuant to Code Provision A.2.1 of the Code, the role of chairman and the chief executive should be segregated and should not be performed by the same individual. However, the Company does not have a separate chairman and chief executive and Mr. Tam Kwok Pui currently performs these two roles. The Directors believe that vesting the roles of both chairman and chief executive in the same position has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The board of Directors of the Company (the “**Board**”) considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and chief executive of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules throughout the six months ended 30 June 2022 and up to the date of this interim report.

## **Interim Dividend**

The Directors did not recommend the payment of any interim dividend for the six months ended 30 June 2022 (corresponding period of 2021: Nil).



### **Audit Committee**

The Company has established the audit committee for the purpose of monitoring the integrity of the financial statements and overseeing the financial reporting process and the internal control system of the Group. Currently, the audit committee is chaired by the independent non-executive Director Mr. Mak King Sau and other members include the two independent non-executive Directors Mr. Lui Ho Ming Paul and Mr. Woo Chun Fai.

The Group's condensed consolidated interim financial statements for the six months ended 30 June 2022 are unaudited but have been reviewed by the audit committee.

### **Remuneration Committee**

The Company has established the remuneration committee to consider the remuneration of all Directors and senior management of the Company. Currently, the remuneration committee is chaired by the independent non-executive Director Mr. Lui Ho Ming Paul and other members include the executive Director Mr. Tam Kwok Pui and the independent non-executive Director Mr. Mak King Sau.

### **Nomination Committee**

The Company has established the nomination committee to assist the Board in the overall management of the Director nomination practices of the Company. Currently, the nomination committee is chaired by the executive Director Mr. Tam Kwok Pui and other members include the independent non-executive Directors Mr. Woo Chun Fai and Mr. Mak King Sau.

On behalf of the Board  
**Justin Allen Holdings Limited**  
**Tam Kwok Pui**  
*Chairman*

Hong Kong, 30 August 2022



# FINANCIAL CONTENTS

Interim Results	18
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	18
Condensed Consolidated Statement of Financial Position	20
Condensed Consolidated Statement of Changes in Equity	22
Condensed Consolidated Statement of Cash Flows	23
Notes to the Condensed Consolidated Financial Statements	24

## INTERIM RESULTS

The Board is pleased to announce the unaudited condensed consolidated interim results for the six months ended 30 June 2022 of the Group, together with comparative figures for the previous period as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Six Months Ended 30 June 2022

	Note	Six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>Revenue</b>	3	<b>476,405</b>	361,498
Cost of sales		<b>(354,325)</b>	(274,321)
<b>Gross profit</b>		<b>122,080</b>	87,177
Other income		<b>5,462</b>	7,018
Other gains and losses, net		<b>(23,766)</b>	(568)
Selling and distribution expenses		<b>(21,804)</b>	(21,527)
Administrative expenses		<b>(31,535)</b>	(30,074)
Finance costs		<b>(3,483)</b>	(1,486)
<b>Profit before tax</b>		<b>46,954</b>	40,540
Income tax expense	4	<b>(13,692)</b>	(9,651)
<b>Profit for the period</b>	5	<b>33,262</b>	30,889
<b>Other comprehensive income/(loss), net of income tax</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference on translation of foreign operations		<b>(6,805)</b>	5,857
Other comprehensive income/(loss) for the period, net of income tax		<b>(6,805)</b>	5,857
<b>Total comprehensive income for the period, net of income tax</b>		<b>26,457</b>	36,746



	Note	Six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Profit/(loss) for the period attributable to:			
— Owners of the Company		34,194	31,667
— Non-controlling interests		(932)	(778)
		<b>33,262</b>	30,889
<b>Total comprehensive income/(loss) for the period attributable to:</b>			
— Owners of the Company		<b>28,645</b>	37,171
— Non-controlling interests		<b>(2,188)</b>	(425)
		<b>26,457</b>	36,746
<b>Dividend</b>	6	–	–
Earnings per share	7		
— Basic and diluted (HK cents)		<b>2.74</b>	2.53

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	8	138,371	144,656
Right-of-use assets		58,951	50,274
Deposits paid for acquisition of property, plant and equipment		–	17
Rental deposits		1,615	1,616
Deferred tax assets		3,740	1,820
		<b>202,677</b>	198,383
<b>Current assets</b>			
Inventories		209,947	146,962
Trade and other receivables	9	162,823	164,471
Financial assets at fair value through other comprehensive income		29,330	55,597
Financial assets at fair value through profit or loss		149,679	127,603
Bank balances and cash		149,479	98,476
		<b>701,258</b>	593,109
<b>Current liabilities</b>			
Trade and other payables	10	340,689	184,835
Lease liabilities		3,677	1,066
Bank borrowings		9,360	35,520
Financial liabilities at fair value through profit or loss		6,560	928
Tax payable		29,155	15,929
		<b>389,441</b>	238,278
<b>Net current assets</b>		<b>311,817</b>	354,831
<b>Total assets less current liabilities</b>		<b>514,494</b>	553,214

	Note	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
<b>Non-current liabilities</b>			
Lease liabilities		9,153	580
		<b>9,153</b>	580
<b>Net assets</b>			
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	11	12,500	12,500
Reserves		467,076	512,181
Equity attributable to owners of the Company		479,576	524,681
<b>Non-controlling interests</b>		<b>25,765</b>	27,953
<b>Total equity</b>		<b>505,341</b>	552,634

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to the owners of the Company							Non-controlling interests	Total
	Share capital	Share premium	Statutory reserve	Other reserve	Exchange reserve	Retained profits	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2021 (audited)	12,500	113,535	1,187	20,942	(5,252)	260,898	403,810	27,246	431,056
Profit for the period	-	-	-	-	-	31,667	31,667	(778)	30,889
Exchange difference on translation of foreign operations	-	-	-	-	5,504	-	5,504	353	5,857
Total comprehensive income for the period	-	-	-	-	5,504	31,667	37,171	(425)	36,746
Dividend	-	-	-	-	-	(45,000)	(45,000)	-	(45,000)
At 30 June 2021 (unaudited)	12,500	113,535	1,187	20,942	252	247,565	395,981	26,821	422,802
At 1 January 2022 (audited)	<b>12,500</b>	<b>113,535</b>	<b>1,187</b>	<b>20,942</b>	<b>2,303</b>	<b>374,214</b>	<b>524,681</b>	<b>27,953</b>	<b>552,634</b>
Profit for the period	-	-	-	-	-	<b>34,194</b>	<b>34,194</b>	<b>(932)</b>	<b>33,262</b>
Exchange difference on translation of foreign operations	-	-	-	-	<b>(5,549)</b>	-	<b>(5,549)</b>	<b>(1,256)</b>	<b>(6,805)</b>
Total comprehensive income for the period	-	-	-	-	<b>(5,549)</b>	<b>34,194</b>	<b>28,645</b>	<b>(2,188)</b>	<b>26,457</b>
Dividend	-	-	-	-	-	<b>(73,750)</b>	<b>(73,750)</b>	-	<b>(73,750)</b>
At 30 June 2022 (unaudited)	<b>12,500</b>	<b>113,535</b>	<b>1,187</b>	<b>20,942</b>	<b>(3,246)</b>	<b>334,658</b>	<b>479,576</b>	<b>25,765</b>	<b>505,341</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>Net cash generated from/(used in) operating activities</b>	<b>116,703</b>	(3,672)
<b>Investing activities</b>		
Purchase of property, plant and equipment	(4,704)	(2,271)
Purchase of financial assets at fair value through profit of loss	(81,900)	(81,151)
Withdrawal of financial assets at fair value through profit of loss	47,776	33,836
Other cash flows arising from investing activities	4,358	4,643
<b>Net cash used in investing activities</b>	<b>(34,470)</b>	(44,943)
<b>Financing activities</b>		
Repayment of bank borrowings	(34,996)	–
Proceeds from new bank borrowings	9,360	84,318
Dividends paid	–	(45,000)
Other cash flows arising from financing activities	(4,923)	(2,778)
<b>Net cash (used in)/generated from financing activities</b>	<b>(30,559)</b>	36,540
<b>Net increase/(decrease) in bank balances and cash</b>	<b>51,674</b>	(12,075)
<b>Bank balances and cash at 1 January</b>	<b>98,476</b>	85,924
Effect of foreign exchange rate changes	(671)	728
<b>Bank balances and cash at 30 June</b>	<b>149,479</b>	74,577





## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

This consolidated interim financial results have been prepared in accordance with the applicable disclosure requirements of the Listing Rules.

This consolidated interim financial results contain consolidated financial results and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the publication of the 2020 annual financial statements. This consolidated interim financial results and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

The financial information relating to the financial year ended 31 December 2021 included in this consolidated interim financial results as being previously reported information does not constitute the Company’s statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2021 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 29 April 2022.

The accounting policies and methods of computation used in the preparation of this interim results announcement are consistent with those adopted by the Group in the 2021 annual accounts, except for the adoption of new and revised standards with effect from 1 January 2022 as detailed in note 2 below.



## 2. CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to HKFRSs issued by the HKICPA to its interim financial results for the current accounting period:

Amendments to HKAS 16	Property, plant and equipment: Proceeds before intended use
Amendments to HKAS 37	Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

### ***Amendments to HKAS 16 “Property, plant and equipment: Proceeds before intended use”***

The amendments prohibit an entity from deducting the proceeds from selling items produced before that asset is available for use from the cost of an item of property, plant and equipment. Instead, the sales proceeds and the related costs should be included in profit and loss. The amendments do not have a material impact on these financial statements as the Group does not sell items produced before an item of property, plant and equipment is available for use.

### ***Amendments to HKAS 37 “Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract”***

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

Previously, the Group included only incremental costs when determining whether a contract was onerous. In accordance with the transitional provisions, the Group has applied the new accounting policy to contracts for which it had not yet fulfilled all its obligations at 1 January 2022, and has concluded that none of them is onerous.

### 3. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising from the manufacturing and sales of products, which included sleepwear and loungewear products and greige fabric, and processing services for the six months ended 30 June 2022 and 2021.

The Group has one operating segment based on information reported to the chief operating decision maker of the Group (the executive Directors who are also directors of the operating subsidiaries) (the “**CODM**”) for the purpose of resource allocation and performance assessment, which is the consolidated results of the Group. As a result, there is only one reporting segment of the Group. No analysis of segment assets or segment liabilities is presented as such information is not regularly provided to the CODM.

#### Revenue from major products and services

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Sales of products (sleepwear, loungewear and greige fabric)	<b>473,787</b>	358,162
Processing services	<b>2,618</b>	3,336
	<b>476,405</b>	361,498
<b>Timing of revenue recognition</b>		
At a point in time	<b>473,787</b>	358,162
Over time	<b>2,618</b>	3,336
	<b>476,405</b>	361,498

During the six months ended 30 June 2022 and 2021, all performance obligations for manufacturing and sales of sleepwear products, loungewear products, greige fabric and processing services are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to unsatisfied performance obligations as at the end of each reporting period is not disclosed.

### 3. REVENUE AND SEGMENT INFORMATION *(continued)*

#### Geographical information

The following is an analysis of the Group's revenue from external customers as presented based on the location of customers:

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>Revenue</b>		
United States of America	<b>408,582</b>	300,497
United Kingdom	<b>20,826</b>	20,468
Ireland	<b>19,203</b>	16,671
Canada	<b>14,930</b>	7,948
Spain	<b>7,632</b>	5,133
The PRC	<b>2,906</b>	10,781
Cambodia	<b>2,326</b>	–
	<b>476,405</b>	361,498

The analysis of the Group's non-current assets by location of assets is as follows:

	As at	As at
	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
<b>Non-current assets</b>		
The PRC	<b>149,294</b>	160,274
Hong Kong	<b>30,787</b>	31,361
Honduras	<b>11,185</b>	–
Cambodia	<b>7,671</b>	4,928
	<b>198,937</b>	196,563

Note: Non-current assets excluded deferred tax assets.

### 3. REVENUE AND SEGMENT INFORMATION *(continued)*

#### Information about major customers

Revenue from customers for the six months ended 30 June 2022 and 2021 contributing over 10% of the Group's revenue are as follows:

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Customer A	405,659	299,197
Customer B	48,812	43,153

### 4. INCOME TAX EXPENSES

Taxation in the condensed consolidated statement of profit or loss and other comprehensive income represents:

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Current tax:		
Hong Kong Profits Tax	8,000	7,865
PRC Enterprise Income Tax	7,556	4,067
Cambodia Income Tax	62	332
	15,618	12,264
Deferred tax credit	(1,926)	(2,613)
	13,692	9,651



#### 4. **INCOME TAX EXPENSES** *(continued)*

##### (a) **Cayman Islands**

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and, accordingly, is exempted from payment of Cayman Islands income tax.


##### (b) **British Virgin Islands Income Tax**

Entities incorporated in the British Virgin Islands as exempted companies with limited liability under the Company Law of British Virgin Islands are exempted from payment of British Virgin Islands income tax.

##### (c) **Hong Kong Profits Tax**

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong profits tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.



#### 4. **INCOME TAX EXPENSES** *(continued)*

##### (d) **PRC Enterprise Income Tax**

Under the Law of the People's Republic of China on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% during the six months period ended 30 June 2022 and 2021.

Pursuant to the EIT Law of PRC and the Detailed Implementation Rules, distribution of the profits earned by the PRC subsidiaries since 1 January 2008 to holding companies incorporated in Hong Kong is subject to the PRC withholding tax at tax rate of 5%.

##### (e) **Cambodia Income Tax**

Pursuant to the relevant laws and regulations in Cambodia, the tax rate of the Cambodian subsidiary is 20% during the six months period ended 30 June 2022 and 2021.



## 5. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period is stated after charging:		
Staff costs comprises:		
— Wages and salaries	44,603	42,028
— Retirement benefits schemes contributions	3,341	3,680
	<b>47,944</b>	45,708
Depreciation of property, plant and equipment	6,152	5,728
Depreciation of right-of-use assets	2,240	1,225
Cost of inventories recognised as an expense	291,698	239,795
Expenses related to short-term leases	901	498

## 6. INTERIM DIVIDEND

During the six months ended 30 June 2022, the Board declared HK\$0.059 (2021: HK\$0.036) per share or approximately HK73.8 million (2021: HK\$45.0 million) in aggregate as final dividend for the year ended 31 December 2021.

No interim dividend has been paid or declared by the Company for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

## 7. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Earnings</b>		
Earnings for the purpose of calculating basic earnings per share (Profit for the period attributable to the owners of the Company)	<b>34,194</b>	31,667
	<b>'000</b>	'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<b>1,250,000</b>	1,250,000

Basic and diluted earnings per share for the six months ended 30 June 2022 and 2021 was the same as there was no potential ordinary shares in issue during the six months ended 30 June 2022 and 2021.

## 8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, there was an addition of approximately HK\$4.72 million (for the six months ended 30 June 2021: HK\$2.27 million) in property, plant and equipment.

## 9. TRADE AND OTHER RECEIVABLES

	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
Trade receivables, net	<b>34,215</b>	37,562
Other receivables in respect of factored trade receivables	<b>22,495</b>	33,941
Prepayments	<b>5,824</b>	46,573
Prepayments to import-export corporations	<b>60,972</b>	33,614
Deposits paid	<b>581</b>	141
Tax recoverable	<b>30,512</b>	4,485
Other receivables, net	<b>8,224</b>	8,155
	<b>162,823</b>	164,471

The Group allows a credit period of 0 to 120 days to its trade receivables.

The following is an aged analysis of trade receivables net of allowance for credit losses, presented based on the delivery dates at the end of each reporting period:

	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
0–30 days	<b>13,701</b>	25,799
31–60 days	<b>11,210</b>	11,225
61–90 days	<b>9,221</b>	512
Over 90 days	<b>83</b>	26
	<b>34,215</b>	37,562

## 10. TRADE AND OTHER PAYABLES

	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
Trade payables	<b>151,235</b>	93,174
Prepayments from and purchase payables due to import-export corporations	<b>49,381</b>	25,469
Accrued expenses	<b>53,877</b>	57,396
Other tax payables	<b>5,863</b>	3,271
Payables for acquisition of property, plant and equipment	<b>1,538</b>	1,612
Other payables	<b>78,795</b>	3,913
	<b>340,689</b>	184,835

The following is an aged analysis of trade payables presented based on the invoice dates of goods at the end of each reporting period:

	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
0–30 days	<b>148,311</b>	86,316
31–60 days	<b>2,454</b>	6,760
61–90 days	<b>376</b>	–
Over 90 days	<b>94</b>	98
	<b>151,235</b>	93,174

The credit period on purchases of goods is 0 to 90 days upon the issue of invoices.

## 11. SHARE CAPITAL

	Number of shares	Amount HK\$'000
<b>Authorised:</b>		
Balance as at 31 December 2021 and 30 June 2022, ordinary shares of HK\$0.01 each	50,000,000,000	500,000
<b>Issued and fully paid:</b>		
Balance as at 31 December 2021 and 30 June 2022	1,250,000,000	12,500

## 12. CAPITAL COMMITMENTS

	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the period/year	–	829

## 13. CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 June 2022 (2021: Nil).

## CORPORATE INFORMATION

### Executive Directors

Mr. Tam Kwok Pui  
(*Chairman and Chief Executive Officer*)  
Ms. Yeung Suk Foon Paulina  
Mr. So Lei Mo Raymond

### Independent Non-executive Directors

Mr. Mak King Sau  
Mr. Lui Ho Ming Paul  
Mr. Woo Chun Fai

### Company Secretary

Mr. Foo Tin Chung, Victor

### Authorised Representatives

Mr. Tam Kwok Pui  
Mr. Foo Tin Chung, Victor

### Audit Committee

Mr. Mak King Sau (*Chairman*)  
Mr. Lui Ho Ming Paul  
Mr. Woo Chun Fai

### Remuneration Committee

Mr. Lui Ho Ming Paul (*Chairman*)  
Mr. Tam Kwok Pui  
Mr. Mak King Sau

### Nomination Committee

Mr. Tam Kwok Pui (*Chairman*)  
Mr. Mak King Sau  
Mr. Woo Chun Fai

### Website

[www.justinallengroup.com](http://www.justinallengroup.com)

### Stock Code

1425

### Date of Listing

28 November 2019

### Auditors

HLB Hodgson Impey Cheng Limited  
*Certified Public Accountants*

### Principal Share Registrar and Transfer Office

Ogier Global (Cayman) Limited  
89 Nexus Way  
Camana Bay  
Grand Cayman KY1-9009  
Cayman Islands

### Hong Kong Branch Share Registrar

Computershare Hong Kong Investor  
Services Limited  
Shops 1712–1716, Hopewell Centre  
183 Queen's Road East, Hong Kong

### Principal Bankers

HSBC  
Standard Chartered Bank (Hong Kong)  
Limited

### Registered Office in Cayman Islands

Ogier Global (Cayman) Limited  
89 Nexus Way  
Camana Bay  
Grand Cayman KY1-9009  
Cayman Islands

### Principal Place of Business in Hong Kong

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483A Castle Peak Road  
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Hong Kong