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JUSTIN ALLEN HOLDINGS LIMITED

捷隆控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01425)

2022 INTERIM RESULTS ANNOUNCEMENT

The board (the “**Board**”) of directors (the “**Directors**”) of Justin Allen Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results for the six months ended 30 June 2022 of the Company and its subsidiaries (collectively 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)
Revenue	3	476,405	361,498
Cost of sales		(354,325)	(274,321)
Gross profit		122,080	87,177
Other income		5,462	7,018
Other gains and losses, net		(23,766)	(568)
Selling and distribution expenses		(21,804)	(21,527)
Administrative expenses		(31,535)	(30,074)
Finance costs		(3,483)	(1,486)
Profit before tax		46,954	40,540
Income tax expense	4	(13,692)	(9,651)
Profit for the period	5	33,262	30,889

		Six months ended 30 June	
		2022	2021
<i>Note</i>		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Other comprehensive income/(loss), net of income tax			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
	Exchange difference on translation of foreign operations	<u>(6,805)</u>	<u>5,857</u>
	Other comprehensive income/(loss) for the period, net of income tax	<u>(6,805)</u>	<u>5,857</u>
	Total comprehensive income for the period, net of income tax	<u>26,457</u>	<u>36,746</u>
Profit/(loss) for the period attributable to:			
	- Owners of the Company	<u>34,194</u>	<u>31,667</u>
	- Non-controlling interests	<u>(932)</u>	<u>(778)</u>
		<u>33,262</u>	<u>30,889</u>
Total comprehensive income/(loss) for the period attributable to:			
	- Owners of the Company	<u>28,645</u>	<u>37,171</u>
	- Non-controlling interests	<u>(2,188)</u>	<u>(425)</u>
		<u>26,457</u>	<u>36,746</u>
Dividend	6	<u>-</u>	<u>-</u>
Earnings per share	7		
- Basic and diluted (HK cents)		<u>2.74</u>	<u>2.53</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment		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
		<u>202,677</u>	<u>198,383</u>
Current assets			
Inventories		209,947	146,962
Trade and other receivables	8	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
		<u>701,258</u>	<u>593,109</u>
Current liabilities			
Trade and other payables	9	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
		<u>389,441</u>	<u>238,278</u>
Net current assets		<u>311,817</u>	<u>354,831</u>
Total assets less current liabilities		<u>514,494</u>	<u>553,214</u>
Non-current liabilities			
Lease liabilities		9,153	580
		<u>9,153</u>	<u>580</u>
Net assets		<u>505,341</u>	<u>552,634</u>
Capital and reserves attributable to owners of the Company			
Share capital		12,500	12,500
Reserves		467,076	512,181
Equity attributable to owners of the Company		479,576	524,681
Non-controlling interests		25,765	27,953
Total equity		<u>505,341</u>	<u>552,634</u>

Notes:

1. Basis of preparation

This consolidated interim financial results have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (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 2021 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 these 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 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 of the Company 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

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

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.

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

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

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

Note: Non-current assets excluded deferred tax assets.

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 is 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
	<u>15,618</u>	<u>12,264</u>
Deferred tax credit	(1,926)	(2,613)
	<u>13,692</u>	<u>9,651</u>

(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.

(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:

Depreciation of property, plant and equipment	6,152	5,728
Depreciation of right-of-use assets	2,240	1,225
Expenses related to short-term leases	901	498
	<u>901</u>	<u>498</u>

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 HK\$73.8 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:

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

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

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

9. Trade and other payables

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

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

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

10. Contingent liabilities

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

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, (5) conducting key garment production processes with our production facilities, and (6) 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, it 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.

Finance 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. 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 thus the raw material and production cost maintained at a higher level. On the other hand, the diversification of production bases also allowed us to allocate production among different bases to save 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 gains and 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 on a long-term basis 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. The Group intended to apply these foreign exchange options to lock the exchange risk between RMB and USD. The depreciation of RMB may result in losses from foreign exchange options on the one side, but the Group may benefit from the decrease in operation costs on the other side since nearly half of the operation costs were incurred in PRC and denominated in RMB.

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 abovementioned 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 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 substantial 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. The COVID-19 epidemic keeps affecting our normal life, and the global economic environment is full of uncertainties. The Group is working hard to maintain our existing business with a stable growth, and 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, provide 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 after completion. 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 worked with our customers to further extend our product categories in children's wear besides 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 deep 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. Other than stated 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 wide-ranged portfolios. 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 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 fund, including (but not limited to) understanding the business nature of each issuer and characteristics of each bond instrument and 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.

Capital Commitments

As at 30 June 2022, the Group did not have any capital commitments (31 December 2021: approximately HK\$0.83 million).

Material Acquisitions and Disposals

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

Significant Investment

Other than those stated above, the Group did not have other significant investment for the six months ended 30 June 2022.

Contingent Liabilities

As at 30 June 2022, the Directors were not aware of any material contingent liabilities.

Events after the Reporting Period

No subsequent events occurred after 30 June 2022, which may have a significant effect, on the assets and liabilities or future operations of the Group.

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.

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.

Competing Interest

None of the Directors and 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 the 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 for Securities Transactions by Directors of Listed Issuers (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 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.

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 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 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 executive director Mr. Tam Kwok Pui and other members include the independent non-executive directors Mr. Woo Chun Fai and Mr. Mak King Sau.

Publication of the Interim Results and Interim Report

The interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.justinallengroup.com). The Company's interim report for the six months ended 30 June 2022 will be dispatched to the Shareholders and published on the aforementioned websites in due course.

By order of the Board
Justin Allen Holdings Limited
Tam Kwok Pui
Chairman

Hong Kong, 30 August 2022

As at the date of this announcement, the Board comprises three executive directors of the Company, namely, Mr. Tam Kwok Pui, Ms. Yeung Suk Foon Paulina and Mr. So Lie Mo Raymond, and three independent non-executive directors of the Company, namely, Mr. Lui Ho Ming Paul, Mr. Woo Chun Fai and Mr. Mak King Sau.