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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)**

**ANNOUNCEMENT OF ANNUAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

The board (the “**Board**”) of directors (the “**Directors**”) of Justin Allen Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2023, together with comparative figures for the year ended 31 December 2022 as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the year ended 31 December 2023*

	<i>Notes</i>	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000
<b>Revenue</b>	3	<b>1,114,213</b>	1,220,760
Cost of sales		<u><b>(759,026)</b></u>	<u>(847,493)</u>
<b>Gross profit</b>		<b>355,187</b>	373,267
Other income	4	<b>11,959</b>	15,909
Other gains and losses, net	5	<b>(8,701)</b>	(51,859)
Selling and distribution expenses		<b>(55,661)</b>	(49,468)
Administrative expenses		<b>(68,130)</b>	(56,266)
Finance costs	6	<u><b>(18,070)</b></u>	<u>(11,760)</u>
<b>Profit before tax</b>		<b>216,584</b>	219,823
Income tax expense	7	<u><b>(39,453)</b></u>	<u>(43,926)</u>
<b>Profit for the year</b>	8	<u><b>177,131</b></u>	<u>175,897</u>

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Other comprehensive expense</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translating foreign operations		<u>(5,350)</u>	<u>(11,995)</u>
Other comprehensive expense for the year		<u>(5,350)</u>	<u>(11,995)</u>
<b>Total comprehensive income for the year</b>		<b><u>171,781</u></b>	<b><u>163,902</u></b>
<b>Profit for the year attributable to:</b>			
Owners of the Company		175,420	172,553
Non-controlling interests		<u>1,711</u>	<u>3,344</u>
		<b><u>177,131</u></b>	<b><u>175,897</u></b>
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the Company		170,674	162,924
Non-controlling interests		<u>1,107</u>	<u>978</u>
		<b><u>171,781</u></b>	<b><u>163,902</u></b>
Earnings per share, basic and diluted (HK cents)	<i>10</i>	<b><u>14.03</u></b>	<b><u>13.80</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2023*

	<i>Notes</i>	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		123,712	132,444
Right-of-use assets		71,336	52,733
Rental deposits		2,908	1,452
Deferred tax assets		6,890	1,629
		<b>204,846</b>	188,258
<b>Current assets</b>			
Inventories		81,656	84,702
Trade and other receivables	<i>11</i>	105,137	155,733
Financial assets at fair value through other comprehensive income		82,960	76,577
Financial assets at fair value through profit or loss		110,833	152,281
Bank balances and cash		354,981	165,297
		<b>735,567</b>	634,590
<b>Current liabilities</b>			
Trade and other payables	<i>12</i>	173,920	151,182
Lease liabilities		2,137	3,574
Financial liabilities at fair value through profit or loss		-	508
Tax liabilities		19,026	19,376
		<b>195,083</b>	174,640
<b>Net current assets</b>		<b>540,484</b>	459,950
<b>Total assets less current liabilities</b>		<b>745,330</b>	648,208
<b>Non-current liabilities</b>			
Deferred tax liabilities		5,115	-
Lease liabilities		14,531	5,422
		<b>19,646</b>	5,422
<b>Net assets</b>		<b>725,684</b>	642,786
<b>Capital and reserves</b>			
Share capital	<i>13</i>	12,500	12,500
Reserves		713,184	601,355
Equity attributable to owners of the Company		<b>725,684</b>	613,855
Non-controlling interests		-	28,931
<b>Total equity</b>		<b>725,684</b>	642,786

Notes:

## 1. GENERAL INFORMATION

Justin Allen Holdings Limited (the “**Company**”) is an investment holding company. The Group, comprising the Company and its subsidiaries, is principally engaged in the manufacturing and sales of sleepwear products, loungewear product, greige fabric and processing services.

The Company was incorporated in the Cayman Islands on 31 May 2013 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 28 November 2019.

The address of the Company’s registered office is Ogier Global (Cayman) Limited, 89 Nexus Way, Camana Bay, Grand Cayman KY1-9009, Cayman Islands and the Company’s principal place of business is 31/F, Excel Centre, 483A Castle Peak Road, Cheung Sha Wan, Hong Kong.

In the opinion of the directors of the Company, the Company’s parent and ultimate holding company is Strategic King Holdings Limited (“**Strategic King**”), a company incorporated in the British Virgin Islands (“**BVI**”) and wholly-owned by Mr. Tam Kwok Pui, Edmond (“**Mr. Edmond Tam**”) and Ms. Yeung Suk Foon, Paulina (“**Ms. Paulina Yeung**”), the spouse of Mr. Edmond Tam (the “**Ultimate Controlling Shareholders**”).

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”). The functional currency of the Company is United States dollars (“**USD**”). All values are rounded to the nearest thousand dollars (HK\$’000) except otherwise indicated.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”) AND CHANGES IN OTHER ACCOUNTING POLICIES

### **New and amendments to HKFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual periods beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### **Impact on application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

In accordance with the transition provision:

- (i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 January 2022;
- (ii) the Group also, as at 1 January 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities.

The application of the amendments has had no material impact on the Group's financial position and performance, except that the Group discloses the related deferred tax assets of approximately HK\$423,000 and deferred tax liabilities of approximately HK\$423,000 on a gross basis but it has no impact on the retained earnings at the earliest period presented.

#### **Amendments to HKFRSs in issue but not yet effective**

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>2</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2025.

The directors of the Company anticipate that the application of the new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

### **3. REVENUE AND SEGMENT INFORMATION**

Revenue represents revenue arising from the manufacturing and sales of products, which included sleepwear and loungewear products, greige fabric and processing services for the years ended 31 December 2023 and 2022.

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

Disaggregation of revenue from contracts with customers

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Sales of products		
- Sleepwear	659,620	914,262
- Loungewear	441,236	296,295
- Greige fabric	12,386	4,999
Processing services	971	5,204
	<u>1,114,213</u>	<u>1,220,760</u>
<b>Timing of revenue recognition</b>		
At a point in time	1,113,242	1,215,556
Over time	971	5,204
	<u>1,114,213</u>	<u>1,220,760</u>

For revenue from manufacturing and sales of products, which included sleepwear products, loungewear products and greige fabric products, is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location (delivery). The normal credit period is 0 to 120 days upon delivery.

For processing services, such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls when the Group provides processing services. Revenue is recognised for these processing services based on the stage of completion of the contract using input method. No credit period is granted to the customers.

Revenue arising from sales of products and processing services are under fixed price arrangement with customers. During the years ended 31 December 2023 and 2022, all performance obligations for manufacturing and sales of sleepwear products, loungewear products and greige products, 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, which is presented based on the location of customers:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Revenue</b>		
United States of America	926,580	1,008,687
United Kingdom	63,886	75,186
Ireland	62,600	70,902
Canada	27,879	31,602
The PRC	12,802	6,434
Spain	19,838	24,179
Honduras	555	1,444
Malta	73	-
Cambodia	-	2,326
	<u>1,114,213</u>	<u>1,220,760</u>

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

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Non-current assets</b>		
The PRC	125,282	138,241
Hong Kong	29,763	31,000
Cambodia	21,365	7,101
Vietnam	11,863	-
Honduras	9,683	10,287
	<u>197,956</u>	<u>186,629</u>

Note: Non-current assets excluded deferred tax assets.

#### Information about major customers

Revenue from customers for the years ended 31 December 2023 and 2022 contributing over 10% of the Group's revenue are as follows:

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Customer A	922,276	1,003,169
Customer B	150,066	173,560

#### 4. OTHER INCOME

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Government grants	1,134	1,182
Interest income		
- Bank deposit	4,063	796
- Financial assets at fair value through profit or loss	2,032	4,242
Dividend income	3,648	3,812
Sales of raw materials and samples	169	5,240
Others	913	637
	<u>11,959</u>	<u>15,909</u>

#### 5. OTHER GAINS AND LOSSES, NET

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Gain on disposal/written off of property, plant and Equipment	312	29
Net foreign exchange loss	(5,118)	(4,422)
Reversal of/(allowance for) expected credit loss recognised on trade and other receivables, net	1,273	(348)
Fair value change on financial assets at fair value through profit or loss, net:		
- Foreign exchange options		
- Realised gain/(loss)	97	(27,341)
- Unrealised loss	-	(612)
- Investments in bonds and funds		
- Realised gain	585	256
- Unrealised loss	(5,850)	(19,421)
	<u>(8,701)</u>	<u>(51,859)</u>

## 6. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on trade financing	16,544	10,312
Interest on bank borrowings	-	481
Interest on lease liabilities	1,526	967
	<u>18,070</u>	<u>11,760</u>

## 7. INCOME TAX EXPENSE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
The income tax expense comprises:		
Current tax:		
Hong Kong Profits Tax	30,038	33,941
PRC Enterprise Income Tax	8,810	9,101
Cambodia Income Tax	774	699
	<u>39,622</u>	<u>43,741</u>
Deferred tax (credit)/charge	(169)	185
	<u>39,453</u>	<u>43,926</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 are exempted companies with limited liability under the Company Law of British Virgin Islands and, accordingly, are exempted from payment of British Virgin Islands income tax.

### (c) Hong Kong Profits Tax

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, 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 years ended 31 December 2023 and 2022.

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 years ended 31 December 2023 and 2022.



## 8. PROFIT FOR THE YEAR

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit for the year has been arrived at after charging:		
Depreciation of property, plant and equipment	13,873	12,638
Depreciation of right-of-use assets	5,504	4,615
Expenses related to short-term leases	<u>1,476</u>	<u>1,000</u>

## 9. DIVIDEND

- (i) Dividends payable to equity shareholders of the Company attributable to the year

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Final dividend proposed after the end of reporting period of HK\$0.0485 per share (2022: HK\$0.044 per share)	<u>60,625</u>	<u>55,000</u>

- (ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year, of HK\$0.044 per share (2022: HK\$0.059 per share)	<u>55,000</u>	<u>73,750</u>

## 10. EARNINGS PER SHARE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Earnings</b>		
Earnings for the purpose of calculating basic earnings per share (Profit for the year attributable to the owners of the Company)	<u>175,420</u>	<u>172,553</u>
	<i>'000</i>	<i>'000</i>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u>1,250,000</u>	<u>1,250,000</u>

Basic and diluted earnings per share for the years ended 31 December 2023 and 2022 was the same as there was no potential ordinary shares in issue during the years ended 31 December 2023 and 2022.

## 11. TRADE AND OTHER RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables, net	30,297	34,363
Deposit, prepayment and other receivables, net	<u>74,840</u>	<u>121,370</u>
	<u>105,137</u>	<u>155,733</u>

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 expected credit losses, presented based on the delivery dates at the end of each reporting period:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0-30 days	21,401	28,225
31-60 days	8,319	6,113
61-90 days	577	-
Over 90 days	-	25
	<u>30,297</u>	<u>34,363</u>

## 12. TRADE AND OTHER PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables	51,141	31,992
Accruals and other payables	122,779	119,190
	<u>173,920</u>	<u>151,182</u>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0-30 days	47,776	31,856
31-60 days	1,912	-
61-90 days	1,179	-
Over 90 days	274	136
	<u>51,141</u>	<u>31,992</u>

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

## 13. SHARE CAPITAL

	Number of shares	Amount <i>HK\$'000</i>
<b>Authorised:</b>		
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	<u>50,000,000,000</u>	<u>500,000</u>
<b>Issued and fully paid:</b>		
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	<u>1,250,000,000</u>	<u>12,500</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

The Group primarily engages in the business of OEM garment manufacturing, specialising 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 finalised production and shipment. The Group owns production facilities in each of Henan Province, the People's Republic of China (“PRC”), Phnom Penh, Cambodia and Honduras. In Vietnam, the Group at this stage operates production via sub-contractors with long-term relationships.

While the global economic landscape has taken a turn for the better in 2023 with the lifting of COVID-related restrictions and the gradual recovery of global trade, the world continues to be facing challenges including the implementation of tight monetary policies to address inflation, the growing trend of decentralised supply chain, and the rising geopolitical tensions. Amidst these global uncertainties, we have maintained our dedication to production bases diversification, vertical integration, and customer satisfaction, with a commitment to assuring product quality while controlling costs. These principles and strategies have served as the foundation for our success in this volatile environment.

Our sales volume of sleepwear and loungewear products during the year ended 31 December 2023 (the “Year”) was approximately 25.9 million pieces (2022: approximately 26.6 million pieces), with a total sales amount of approximately HK\$1,114 million (2022: approximately HK\$1,221 million), representing a decrease of approximately 0.7 million pieces (approximately 2.6%), or approximately HK\$107 million (approximately 8.8%), compared to the same period of last year. As the demand for sleepwear and loungewear boosted during the global lockdown era last year, the current year's sales volume is reflecting a slight decrease in the demand when many of our ultimate consumers are returning to their office-working mode. Despite the decrease in sales volume of the current year, the Group recorded a slight increase in gross profit ratio and net profit ratio by 1.3% and 1.5% respectively. The Group has persevered in cost awareness by adopting a proactive cost control strategy and enlarging the benefits from our vertical integration.

In September 2023, Justin Allen Investment (China) Limited, an indirectly wholly-owned subsidiary of the Company, purchased the remaining 25% of the equity interest in Henan Kaiyu Spinning, Weaving & Apparel Ltd. (“Henan Kaiyu”), an indirect non-wholly owned subsidiary of the Company, at a total consideration of RMB31,500,000. This acquisition is targeted to streamline Henan Kaiyu's business structure and therefore contribute to our vertical integration strategy, strengthening our position as a one-stop apparel solutions provider. In addition, Henan Kaiyu will explore the opportunity of developing domestic sales to local customers through OEM and/or our self-owned brand.

For the year ended 31 December 2023, the Board proposed a final dividend of HK\$0.0485 per share, representing a dividend ratio of approximately 34.6% out of the profit attributable to the owners of the Company. The Group continued to demonstrate commendable performance, despite operating in a challenging environment. On the other hand, the Group is reserving resources to further establish production bases in Central America and Vietnam to capitalise on the upcoming demand recovery. In light of these factors, the Board decided to declare a dividend at a moderate dividend ratio to shareholders of the Company for sharing fruitful returns to them and as an appreciation for their support.

### Finance Review

#### Revenue

For the year ended 31 December 2023, the revenue of the Group recorded approximately HK\$1,114 million, representing a decrement of approximately 8.8% as compared with the same period of last year. During 2023, the sales volume of sleepwear and loungewear products of the Group was approximately 25.9 million pieces while it was approximately 26.6 million pieces in 2022. On the other hand, due to the change of product mix, the average selling price of our sleepwear and loungewear products slightly decreased by approximately 6.6% as compared with that in 2022.

### ***Gross profit***

The gross profit of the Group in 2023 was approximately HK\$355.2 million with gross profit margin of approximately 31.9%, while it was approximately HK\$373.3 million in 2022 with margin of approximately 30.6%. Under such uncertain global environment of the year, the pro-active cost control strategy and the slightly appreciation of exchange rate from USD to RMB allowed us to record a slightly higher profit margin.

### ***Other gains and losses***

For the year ended 31 December 2023, the Group recorded net other losses of approximately HK\$8.7 million, while it was approximately HK\$51.9 million during 2022. The decrease is mainly due to lesser foreign exchange options contracts, which were intended to hedge the USD and RMB exchange fluctuation risks during sales and purchase transactions, were undertaken in comparison with last year, while the USD and RMB foreign currency markets are relatively curtailed during the year. In addition, the Group recorded only approximately HK\$5.3 million aggregated realised and unrealised net losses from investments in market-tradeable bond and funds, which were recorded in the market value as at the reporting date. The Group intended to hold these investments in a long-term basis till maturity. Thus, it is expected that these losses will not be realised when the investments are due to redeem at maturity.

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

For the year ended 31 December 2023, the selling and distribution expenses of the Group were approximately HK\$55.7 million, representing an increase of approximately 12.5% from approximately HK\$49.5 million recorded in 2022. During the current year under review, apart from launching our first self-owned brand, (“COZ”), the Group also enhanced our selling and distribution department to provide timely and quality service for the increasing demand from our existing and future customers.

### ***Administrative expenses***

The administrative expenses of the Group for the year ended 31 December 2023 were approximately HK\$68.1 million, representing an increase of approximately 21.0% from approximately HK\$56.3 million recorded in 2022. The increase is mainly resulted from the expansion of the Group’s operation scale, including commencement of mass production of Honduras factory and commitment in the Vietnam production base and the expenses save-up during the lock-down period in 2022.

### ***Finance costs***

The finance costs of the Group were approximately HK\$18.1 million during 2023, while it was approximately HK\$11.8 million in 2022. Affected by global elevated interest rates in 2023, the finance costs of the Group, which were mainly related to trade financing like factoring and discounting, also suffered substantially.

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

The profit attributable to the owners of the Company slightly increased by approximately 1.6% from approximately HK\$172.6 million for the year ended 31 December 2022 to approximately HK\$175.4 million for the year ended 31 December 2023. The increment of net profit was mainly due to the above mentioned increment of gross profit and also reduction in other gains or losses.

### ***Receivables and Payables***

As at 31 December 2023, the trade and other receivables of the Group amounted to approximately HK\$105.1 million, representing a decrease of approximately HK\$50.6 million as compared to the balance in 2022. In 2023, the prepayments to import-export corporations decreased by approximately HK\$27.1 million due to the decrease of production works in our overseas production bases and sub-contractors, the prepayment to other suppliers also decreased by approximately HK\$15.9 million mainly due to the payment timing difference as compared with 2022.

As at 31 December 2023, the trade and other payables of the Group amounted to approximately HK\$173.9 million, representing an increase of approximately HK\$22.7 million as compared to the balance in 2022. The increase is mainly due to the payment timing difference of trade payables prior to the year end, resulting in an increase of approximately HK\$19.1 million in the trade payables. Meanwhile,

the prepayments from and purchase payables due to import-export corporations decreased by approximately HK\$8.8 million due to the decrease of production works in our overseas production bases and sub-contractors.

## **Outlook and Future Prospects**

In 2023, charting a course through a fragmented interest rate environment and uncertain economic terrain, the global economy was affected by the inflationary crisis, and overall demand shrunk even for household items. However, these circumstances present favourable opportunities for the Group to move forward in expanding its business to meet the expected demand recovery in the future.

We also plan to establish a fabric research and development/production centre with a capacity of 5,000 spindles in Henan, the PRC. This centre is expected to provide customers with novel, comfortable, and cost-effective fabrics and standardise the processes and quality of overseas fabric manufacturers, thus reducing defect rates and production cycles.

Our clothing production base in the Thua Thien Hue Province, Vietnam, has obtained the compulsory building permits and has begun construction during the Year. We anticipate completing the first phase of the project and commencing mass production in the second half of 2024, with an estimated production capacity of approximately 2 million pieces per shift. The investment in our production facilities in Vietnam will not only significantly increase our production capacity, reduce costs, and enhance product quality, but also cater to the needs of existing and new customers, presenting the Group with new opportunities.

During the year, the Group also launched COZ, our first self-owned brand targeted on the local youth market at the early stage. The Group is undertaking a series of initial activities, including detailed market research and study, branding and image positioning, and marketing activities. We expect that it will establish a robust customer base for the Group and provide a strong cornerstone for the future.

The commencement of mass production of our production facility in Honduras within the Year is another milestone. Establishing this production base on the other side of the world is poised to shorten delivery times to our customers in the United States, diversify any political risks, and provide us with benefits when we foray into new markets as a pioneer.

To increase our future growth opportunities, we have made several strategic deployments in addition to our plans above. We are planning to establish a subsidiary in the United States in 2024 to strengthen our design and pre/post-sales operations. Through these services, we aim to enhance communication with our customers and foster closer relationships, embodying the belief that “sales involve not only products but also services”. This subsidiary will also facilitate the expansion of new markets and bring about new opportunities in the United States for the Group.

The Group's commitment extends beyond development to embrace sustainability and ecological responsibility. Therefore, our production facilities and fabric research and development centres embody these values by incorporating ample natural light and ventilation, low-carbon designs and plenty of other environmentally friendly concepts in these buildings.

Loungewear has become our main fashion choice when the world rediscovered the joy of staying at home after the pandemic. Despite the return of office working and nights out, many consumers have realised the importance of cosy and quality home wardrobes. As the loungewear market is burgeoning, the Group expects growth, particularly with its strategies to capitalise on the trend, and will continue expanding its client base. We are confident that the Group's strong and promising position within its industry will bring us forward in the future regardless of the changes in the market.

## Financial Resources and Liquidity

As at 31 December 2023, the Group had current assets of approximately HK\$735.6 million (31 December 2022: HK\$634.6 million) and current liabilities of approximately HK\$195.1 million (31 December 2022: HK\$174.6 million). The current ratio was 3.77 as at 31 December 2023 as compared with 3.63 as at 31 December 2022.

The Group's cash and bank balances as at 31 December 2023 amounted to approximately HK\$355.0 million (31 December 2022: HK\$165.3 million), of which approximately 73.2% were denominated in United States dollars, 23.0% in Renminbi, 0.9% in Hong Kong dollars and 2.9% in other currencies.

As at 31 December 2023 and 31 December 2022, the Group had no outstanding bank loans. As at 31 December 2023, the Group pledged assets of the Group with a net book value of HK\$121.5 million (31 December 2022: HK\$130.9 million) for unutilized banking facilities.

The gearing ratio of the Group, measured by bank borrowings as a percentage of shareholders' equity, was zero as at 31 December 2023 and 31 December 2022.

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 31 December 2023, the Group had not entered into foreign currency forward contracts to offset 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 31 December 2023, the Group invested in 12 sets of market-tradable bond instruments with par value between USD0.2 million to 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 9 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 bank, airline services, property and real estate development in the PRC, etc.. As at 31 December 2023, the total amount of par value of these bonds was approximately USD6.25 million (equivalent to approximately HK\$48.8 million) and the market value was approximately USD2.8 million (equivalent to approximately HK\$21.9 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 year ended 31 December 2023, the Group recognised net unrealised loss from mark-to-market fair value adjustments of approximately HK\$6.6 million.

As at 31 December 2023, the Group also invested in 9 different funds with par value between USD0.25 million and USD1.1 million each through a bank. These funds were issued by 9 different independent financial institutions. As at 31 December 2023, the total amount of par value of these funds was approximately USD11.8 million (equivalent to approximately HK\$92.0 million) and the market value was approximately USD11.4 million (equivalent to approximately HK\$88.9 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 year ended 31 December 2023, the Group recognised realised trading loss of approximately HK\$0.4 million and net unrealised gain from mark-to-market fair value adjustments of approximately HK\$0.7 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, limiting the investment only in products with credit rating equal to or higher than BB-, and all

are tradeable in open market in order to maintain high liquidity. We may remain cautious with the volatility in global financial markets due to the geopolitical tensions as well as the fluid outlook of interest rates.

### **Material Acquisitions and Disposals**

In September 2023, the Group purchased the remaining 25% of the equity interest in Henan Kaiyu Spinning, Weaving & Apparel Ltd. (“**Henan Kaiyu**”), an indirect non-wholly owned subsidiary of the Company, at a total consideration of RMB31,500,000. Save for the above, the Group did not have material acquisitions and disposals for the year ended 31 December 2023.

### **Significant Investment**

Other than those stated above, the Group did not have other significant investment for the year ended 31 December 2023.

### **Contingent Liabilities**

As at 31 December 2023, the Directors were not aware of any material contingent liabilities.

### **Events after the Reporting Period**

No subsequent events occurred after 31 December 2023 which may have a significant effect on the assets, liabilities or future operations of the Group.

### **Capital Structure**

The shares of the Company have been listed on the Stock Exchange since 28 November 2019 (the “**Listing Date**”). There has been no change in the capital structure of the Company since the Listing Date. The capital of the Company comprises ordinary shares and other reserves.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2023.

### **Employees and Remuneration Policy**

As at 31 December 2023, the Group employed about 1,977 staff and workers in Hong Kong, PRC, Cambodia, Vietnam and Honduras (as at 31 December 2022: 1969). 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 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 year ended 31 December 2023 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 year ended 31 December 2023. 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 year ended 31 December 2023, and no competing business was reported by the Controlling Shareholders throughout the year ended 31 December 2023.

## **Directors' Interests in Transaction, Arrangements or Contracts**

Save for the service contracts and letters of appointment entered 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 year under review or any time during the year.

## **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 Company’s directors, all directors have confirmed their compliance with all the relevant requirements as set out in the Model Code during the year ended 31 December 2023.

## **Independence of Independent Non-executive Directors**

The Company has received from each independent non-executive director an annual confirmation for independence pursuant to Rule 3.13 of the Listing Rules. The independent non-executive directors have confirmed that they are independent.

## **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 year ended 31 December 2023, 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.

## **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 audited annual financial results for the year ended 31 December 2023 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.



## **Annual General Meeting**

The annual general meeting of the shareholders of the Company will be held at 21/F, Grand Millennium Plaza, 183 Queen's Road Central, Sheung Wan, Hong Kong on Friday, 7 June 2024 and the notice of annual general meeting will be published and dispatched to the shareholders in the manner as required by the Listing Rules in due course.

## **Closure of Register of Members**

The register of members of the Company will be closed during the following periods:

- (i) from Tuesday, 4 June 2024 to Friday, 7 June 2024 both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the annual general meeting of the Company to be held on Friday, 7 June 2024. In order to be eligible to attend and vote at the annual general meeting of the Company, all share certificates with completed transfer forms either overleaf or separately must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30pm on Monday, 3 June 2024; and
- (ii) on Wednesday, 19 June 2024, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to establish entitlements to the proposed final dividend, all share certificates with completed transfer forms either overleaf or separately must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30pm on Tuesday, 18 June 2024. The final dividend will be paid on or about Wednesday, 3 July 2024 to the shareholders whose names appear on the register of members as on Wednesday, 19 June 2024.

## **Scope of Work of HLB Hodgson Impey Cheng Limited**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in this announcement have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited ("HLB"), to the amounts set out in the Group's drafted consolidated financial statements for the year. The work performed by HLB in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by HLB on this preliminary announcement.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

The annual results announcement will be published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.justinallengroup.com](http://www.justinallengroup.com)) and the Company's 2023 Annual Report will be dispatched to Shareholders who have already provided instructions indicating their preference to receive hard copies in due course and published on the Company's and the Stock Exchange's websites in due course.

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

Hong Kong, 28 March 2024

*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.*