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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)

2024 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 2024 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 2024

	Note	Six months ended 30 June	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue	3	385,093	363,460
Cost of sales		<u>(277,380)</u>	<u>(263,832)</u>
Gross profit		107,713	99,628
Other income		7,537	7,379
Other gains and losses, net		2,716	(73)
Selling and distribution expenses		(19,744)	(19,797)
Administrative expenses		(37,017)	(30,309)
Finance costs		<u>(7,297)</u>	<u>(5,017)</u>
Profit before tax		53,908	51,811
Income tax expense	4	<u>(11,002)</u>	<u>(10,463)</u>
Profit for the period	5	<u>42,906</u>	<u>41,348</u>

	Note	Six months ended 30 June	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (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>(5,077)</u>	<u>(9,132)</u>
Other comprehensive income/(loss) for the period, net of income tax		<u>(5,077)</u>	<u>(9,132)</u>
Total comprehensive income for the period, net of income tax		<u>37,829</u>	<u>32,216</u>
Profit/(loss) for the period attributable to:			
- Owners of the Company		<u>42,906</u>	<u>40,226</u>
- Non-controlling interests		<u>-</u>	<u>1,122</u>
		<u>42,906</u>	<u>41,348</u>
Total comprehensive income/(loss) for the period attributable to:			
- Owners of the Company		<u>37,829</u>	<u>34,909</u>
- Non-controlling interests		<u>-</u>	<u>(2,693)</u>
		<u>37,829</u>	<u>32,216</u>
Dividend	6	<u>-</u>	<u>-</u>
Earnings per share	7		
- Basic and diluted (HK cents)		<u>3.43</u>	<u>3.22</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Note	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment		123,050	123,712
Right-of-use assets		66,258	71,336
Rental deposits		2,807	2,908
Deferred tax assets		8,207	6,890
		<u>200,322</u>	<u>204,846</u>
Current assets			
Inventories		216,041	81,656
Trade and other receivables	8	139,943	105,137
Financial assets at fair value through other comprehensive income		34,217	82,960
Financial assets at fair value through profit or loss		112,157	110,833
Bank balances and cash		349,710	354,981
		<u>852,068</u>	<u>735,567</u>
Current liabilities			
Trade and other payables	9	305,362	173,920
Lease liabilities		1,754	2,137
Bank borrowings		7,813	-
Tax payable		15,773	19,026
		<u>330,702</u>	<u>195,083</u>
Net current assets		<u>521,366</u>	<u>540,484</u>
Total assets less current liabilities		<u>721,688</u>	<u>745,330</u>
Non-current liabilities			
Deferred tax liabilities		5,111	5,115
Lease liabilities		13,689	14,531
		<u>18,800</u>	<u>19,646</u>
Net assets		<u>702,888</u>	<u>725,684</u>
Capital and reserves attributable to owners of the Company			
Share capital		12,500	12,500
Reserves		690,388	713,184
Total equity attributable to owners of the Company		<u>702,888</u>	<u>725,684</u>

Notes:

1. Basis of preparation

These 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**”).

These 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 2023 annual financial statements. These 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 2023 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 2023 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 28 March 2024.

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 2023 annual accounts, except for the adoption of new and revised standards with effect from 1 January 2024 as detailed in note 2 below.

2. Changes in accounting policies

In the current interim period, the Group had applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2024 for the preparation of the condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liabilities in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current period 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 condensed consolidated financial statements.

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 2024 and 2023.

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	
	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Unaudited)
Sales of products (sleepwear, loungewear and greige fabric)	385,093	362,895
Processing services	-	565
	385,093	363,460
Timing of revenue recognition		
At a point in time	385,093	362,895
Over time	-	565
	385,093	363,460

During the six months ended 30 June 2024 and 2023, 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	
	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Unaudited)
Revenue		
United States of America	250,169	282,903
United Kingdom	45,817	24,991
Ireland	57,632	26,646
Canada	7,006	16,001
Spain	16,912	8,954
The PRC	6,907	3,409
Latin America	650	-
Honduras	-	556
	385,093	363,460

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

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Non-current assets		
The PRC	116,751	127,933
Hong Kong	29,145	30,381
Honduras	26,432	9,963
Cambodia	8,485	5,730
Vietnam	11,302	6,493
	192,115	180,500

Note: Non-current assets excluded deferred tax assets.

Information about major customers

Revenue from customers for the six months ended 30 June 2024 and 2023 contributing over 10% of the Group's revenue is as follows:

	Six months ended 30 June 2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Customer A	246,654	281,577
Customer B	123,876	61,918

4. Income tax expenses

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

	Six months ended 30 June 2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Current tax:		
Hong Kong Profits Tax	8,153	4,458
PRC Enterprise Income Tax	3,127	6,104
Cambodia Income Tax	1,042	903
	12,322	11,465
Deferred tax credit	(1,320)	(1,002)
	11,002	10,463

(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

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 2024 and 2023.

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 2024 and 2023.

5. Profit for the period

Six months ended 30 June	
2024	2023
HK\$'000	HK\$'000
(Unaudited)	(Unaudited)

Profit for the period is stated after charging:

Depreciation of property, plant and equipment	6,656	6,695
Depreciation of right-of-use assets	2,275	2,592
Expenses related to short-term leases	900	559

6. Interim dividend

During the six months ended 30 June 2024, the Board declared HK\$0.0485 (2023: HK\$0.044) per share or approximately HK\$60.6 million (2023: HK\$55.0 million) in aggregate as final dividend for the year ended 31 December 2023.

No interim dividend has been paid or declared by the Company for the six months ended 30 June 2024 (six months ended 30 June 2023: 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	
	2024	2023
	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)	42,906	40,226
	'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 2024 and 2023 was the same as there was no potential ordinary shares in issue during the six months ended 30 June 2024 and 2023.

8. Trade and other receivables

	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Trade receivables, net	39,962	30,297
Prepayments	17,026	8,090
Prepayments to import-export corporations	67,758	56,806
Deposits	61	253
Other tax recoverable	11,989	8,461
Other receivables, net	3,147	1,230
	139,943	105,137

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
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
0-30 days	32,950	21,401
31-60 days	6,512	8,319
61-90 days	500	577
	39,962	30,297

9. Trade and other payables

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Trade payables	107,515	51,141
Prepayments from and purchase payables due to import-export corporations	70,526	48,874
Accrued expenses	64,078	63,402
Dividend payables	60,625	-
Other tax payables	1,346	3,683
Payables for acquisition of property, plant and equipment	1,245	2,739
Other payables	27	4,081
	305,362	173,920

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 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
0-30 days	99,774	47,776
31-60 days	5,240	1,912
61-90 days	2,408	1,179
Over 90 days	93	274
	107,515	51,141

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

10. Contingent liabilities

The Group had no significant contingent liabilities as at 30 June 2024 (2023: 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"), Phnom Penh, Cambodia and Honduras. In Vietnam, the Group currently operates production via sub-contractors with long-term relationship. In addition to the design center in Spain, we have established a representative office in the United States in 2024 to strengthen our design and pre/post-sales operations and to enhance communication with our customers.

While the global economic landscape was restored in 2024 with the gradually recovery of global trade and the expectation of central banks approaching the end of the recent tightening cycle, the world continues to be facing challenges including 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.

For the six months ended 30 June 2024, the business of the Group has grown steady and achieved slight improvement in revenue, gross profit margin and profit attributable to the owners of the Company. The revenue of the Group increased by approximately 6.0%, the gross profit margin enhanced by approximately 0.6 percentage points to approximately 28.0% and the profit attributable to the owners of the Company increased by approximately 6.7% to approximately HK\$42.9 million for the six months ended 30 June 2024.

Finance Review

Revenue

For the six months ended 30 June 2024, the revenue of the Group recorded at approximately HK\$385.1 million, representing an increase of approximately 6.0% as compared with the same period of 2023. The sales volume of sleepwear and loungewear products of the Group increased by approximately 0.7 million pieces to approximately 9.6 million pieces.

Gross profit

The gross profit of the Group in the first half of 2024 was approximately HK\$107.7 million with an average gross profit margin of approximately 28.0%, while it was approximately HK\$99.6 million with an average gross profit margin of approximately 27.4% in the same period of 2023. The proactive implementation of business strategies such as diversification of production bases allowed us to allocate production among different bases to save on raw material and production costs, and thus resulted in a slight increase of average gross profit margin during the current period.

Other income

For the six months ended 30 June 2024, the Group recorded other income of approximately HK\$7.5 million, while it was approximately HK\$7.4 million during the six months ended 30 June 2023. There was an increase in bank deposit interest income of approximately HK\$2.4 million in the six months ended 30 June 2024 compared to the same period in 2023 which was mainly attributed to the increment of interest rates. At the same time, the amount of interest income and dividend income from market-tradeable bond instruments and funds decreased by approximately HK\$1.8 million.

Other gains and losses

For the six months ended 30 June 2024, the Group recorded other net gain of approximately HK\$2.7 million, while the other net loss was approximately HK\$0.07 million during the six months ended 30 June 2023. The Group recorded approximately HK\$1.3 million of aggregated realized and unrealized net gains from investments in market-tradeable bond instruments and funds in the six months ended 30 June 2024 as compared to approximately HK\$4.1 million losses in the same period in 2023. At the same time, the aggregated realized and unrealized exchange gains decreased by approximately HK\$1.8 million, from exchange gains of approximately HK\$3.2 million in the six months ended 30 June 2023 as compared to exchange gains of approximately HK\$1.4 million in the same period in 2024.

Selling and distribution expenses

For the six months ended 30 June 2024, the selling and distribution expenses of the Group were approximately HK\$19.7 million, which was similar to the same period in 2023.

Administrative expenses

The administrative expenses of the Group for the six months ended 30 June 2024 were approximately HK\$37.0 million, with an increase of approximately HK\$6.7 million as compared to the same period of last year. The increase is mainly resulted from the expansion of the Group's operation scale, including commencement of mass production of Cambodia factory, the continuing operation of Honduras factory and the commitment in the Vietnam production base.

Finance costs

For the six months ended 30 June 2024, the finance costs of the Group were approximately HK\$7.3 million, while they were approximately HK\$5.0 million during the same period in 2023. In the first half of 2024, the interest rates for trade financing such as discounting and post shipment seller loans were higher than those in 2023 due to the United States Federal Reserve System announcing a series of interest rate hikes, which also had a substantial impact to the interest rate in Hong Kong. In addition, more trade financing had been arranged for the six months ended 30 June 2024.

Profit attributable to the owners of the Company

The profit attributable to the owners of the Company increased by approximately 6.7% from approximately HK\$40.2 million for the six months ended 30 June 2023 to approximately HK\$42.9 million for the six months ended 30 June 2024. The increment of net profit was mainly due to the abovementioned reasons and cost control.

Receivables and payables

As at 30 June 2024, the trade and other receivables of the Group amounted to approximately HK\$139.9 million, which were higher than the balance of approximately HK\$105.1 million as at 31 December 2023. As at 30 June 2024, the prepayments to import-export corporations and other prepayments increased by approximately HK\$11.0 million and HK\$8.9 million, which were due to the increase of production works in our overseas production bases and sub-contractors.

As at 30 June 2024, the trade and other payables of the Group amounted to approximately HK\$305.4 million, representing an increase of approximately HK\$131.4 million as compared to the balance in 2023 mainly due to the increase of trade payables and the recognition of the 2023 dividend payables of approximately HK\$60.6 million as at 30 June 2024. The peak season of the Group is around the middle of the year, and the Group always stocked more raw materials for production purpose. As a result, the trade payable balance during the middle of the year is always higher than that as at 31 December of every year.

Outlook and Future Prospects

In 2024, the global economic growth was slower than the expectation and the progress of the major central banks to ease the restrictive monetary policies was also conservative. In light of these circumstances, our Group is aiming on stable growth in our existing business while also planning for future expansion to capitalize on business opportunities once global and domestic demand regains resilience.

The mass production of our production facility in Honduras continues to help the Group 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.

The Group continued the construction works for our clothing production base in the Thua Thien Hue Province, Vietnam. This production facility is with an estimated production capacity of approximately 2 million pieces per month and the Group expects it can increase our production capacity, reduce costs, and enhance product quality.

During the period, the Group continued the initial activities of our first self-owned brand (COZ), including recruiting competent management to lead and implement this plan, positioning our new brand in the market and studying the budget and resource required. The Group will develop and process this new branding gradually and will execute this plan for the benefit of the Group and our shareholders as a whole.

To enable sustainable development of the Group and to provide better services to our customers, we have established a representative office in the United States to strengthen our design and pre/post sales operations. Through this close to customer establishment, we aim to enhance communication with our customers, improve our understanding of customers' need, foster closer relationships and embodying the belief that "sales involve not only products but also services". This representative office will also facilitate the expansion of new markets and bring about new opportunities in the United States for the Group.

With these plans in mind, our Group's objective is to expand into existing and new markets by leveraging our solid foundation, market intelligence, technical expertise and stringent quality control process. By positioning ourselves to capture future opportunities, we aim to deliver fruitful returns for the Group and all stakeholders involved.

Financial Resources and Liquidity

As at 30 June 2024, the Group had current assets of approximately HK\$852.1 million (31 December 2023: HK\$735.6 million) and current liabilities of approximately HK\$330.7 million (31 December 2023: HK\$195.1 million). The current ratio was 2.58 as at 30 June 2024 as compared with 3.77 as at 31 December 2023.

The Group's cash and bank balances as at 30 June 2024 amounted to approximately HK\$349.7 million (31 December 2023: HK\$355.0 million), of which approximately 18.8% were denominated in Hong Kong dollars, approximately 15.9% were denominated in Renminbi, approximately 59.8% were denominated in United States dollars, and approximately 5.5% were denominated in other currencies.

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 2024, 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 2024, the Group owned 11 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 of applying 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 banking, airline services, property and real estate development in the PRC, etc.. As at 30 June 2024, 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\$22.0 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 2024, the Group recognized unrealized gain from mark-to-market fair value adjustments of approximately HK\$0.2 million. There are no additions of investments in bond instruments during 2024.

As at 30 June 2024, the Group also owned 9 different funds with par value between USD0.25 million and USD7.1 million each through a bank. These funds were issued by 9 different financial institutions (which are independent third parties) with par value (aggregated according to each issuer) ranged from USD0.25 million to USD7.1 million each. As at 30 June 2024, 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 USD11.6 million (equivalent to approximately HK\$90.1 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 2024, the Group recognized unrealized gain from mark-to-market fair value adjustments of approximately HK\$1.1 million. There are no additions of investments in funds during 2024.

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 2024, the Group had capital commitments of approximately HK\$4.0 million (31 December 2023: Nil).

Material Acquisitions and Disposals

The Group did not have material acquisitions and disposals for the six months ended 30 June 2024.

Significant Investment

Other than those stated above, the Group did not have other significant investment for the six months ended 30 June 2024.

Contingent Liabilities

As at 30 June 2024, the Directors were not aware of any material contingent liabilities.

Events after the Reporting Period

A dividend of approximately HK\$60.6 million was paid by the Company on 3 July 2024. Save as disclosed above and in this report, no other subsequent events occurred after 30 June 2024 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 2024, 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 2024, the Group employed 1,887 staff and workers (31 December 2023: 1,977). 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 2024 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 2024. 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 2024, and no competing business was reported by the Controlling Shareholders throughout the six months ended 30 June 2024.

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 C3 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 2024.

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 C1 of the Listing Rules during the six months ended 30 June 2024, except for the following deviations:

Pursuant to Code Provision C.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 2024 (corresponding period of 2023: 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 2024 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 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 2024 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 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.