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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 2024

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 2024, together with comparative figures for the year ended 31 December 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Revenue	3	1,067,830	1,114,213
Cost of sales		<u>(746,240)</u>	<u>(759,026)</u>
Gross profit		321,590	355,187
Other income	4	21,103	11,959
Other gains and losses, net	5	3,654	(8,701)
Selling and distribution expenses		(52,227)	(55,661)
Administrative expenses		(69,111)	(68,130)
Finance costs	6	<u>(19,234)</u>	<u>(18,070)</u>
Profit before tax		205,775	216,584
Income tax expense	7	<u>(35,402)</u>	<u>(39,453)</u>
Profit for the year	8	<u>170,373</u>	<u>177,131</u>

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
Other comprehensive expense			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translating foreign operations		<u>(5,755)</u>	<u>(5,350)</u>
Other comprehensive expense for the year		<u>(5,755)</u>	<u>(5,350)</u>
Total comprehensive income for the year		<u>164,618</u>	<u>171,781</u>
Profit for the year attributable to:			
Owners of the Company		170,373	175,420
Non-controlling interests		<u>-</u>	<u>1,711</u>
		<u>170,373</u>	<u>177,131</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		164,618	170,674
Non-controlling interests		<u>-</u>	<u>1,107</u>
		<u>164,618</u>	<u>171,781</u>
Earnings per share, basic and diluted (HK cents)	<i>10</i>	<u>13.63</u>	<u>14.03</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Property, plant and equipment		128,849	123,712
Right-of-use assets		75,385	71,336
Rental deposits		5,608	2,908
Deferred tax assets		3,465	6,890
		<u>213,307</u>	<u>204,846</u>
Current assets			
Inventories		133,457	81,656
Trade and other receivables	11	105,205	105,137
Financial assets at fair value through other comprehensive income		74,873	82,960
Financial assets at fair value through profit or loss		111,110	110,833
Bank balances and cash		418,507	354,981
		<u>843,152</u>	<u>735,567</u>
Current liabilities			
Trade and other payables	12	182,633	173,920
Lease liabilities		1,795	2,137
Tax liabilities		14,629	19,026
		<u>199,057</u>	<u>195,083</u>
Net current assets		<u>644,095</u>	<u>540,484</u>
Total assets less current liabilities		<u>857,402</u>	<u>745,330</u>
Non-current liabilities			
Deferred tax liabilities		12	5,115
Lease liabilities		27,713	14,531
		<u>27,725</u>	<u>19,646</u>
Net assets		<u>829,677</u>	<u>725,684</u>
Capital and reserves			
Share capital	13	12,500	12,500
Reserves		817,177	713,184
Total equity		<u>829,677</u>	<u>725,684</u>

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 products, 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, 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**”). The directors adopted HK\$ as presentation currency. For the convenience of the financial statements users, the consolidated financial statements are presented in HK\$, as the Company’s shares are listed on The Stock Exchange of Hong Kong Limited. 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**”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual periods beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability 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 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.

New and amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards - Volume 11 ³
Amendments to HKAS 21	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

The directors 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 products, loungewear products, greige fabric and processing services for the years ended 31 December 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

Disaggregation of revenue from contracts with customers

	2024 HK\$'000	2023 HK\$'000
Sales of products		
- Sleepwear	726,449	659,620
- Loungewear	326,189	441,236
- Greige fabric	12,493	12,386
Processing services	2,699	971
	1,067,830	1,114,213
Timing of revenue recognition		
At a point in time	1,065,131	1,113,242
Over time	2,699	971
	1,067,830	1,114,213

Revenue from sales of products, which included sleepwear products, loungewear products and greige fabric, 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 2024 and 2023, all performance obligations for sales of 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 as presented based on the location of customers:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue		
United States of America	793,227	926,580
United Kingdom	95,126	63,886
Ireland	108,583	62,600
Canada	24,833	27,879
Spain	30,869	19,838
The PRC	15,192	12,802
Honduras	-	555
Malta	-	73
	<u>1,067,830</u>	<u>1,114,213</u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current assets		
The PRC	113,308	125,282
Hong Kong	28,765	29,763
Cambodia	49,377	21,365
Vietnam	11,298	11,863
Honduras	7,094	9,683
	<u>209,842</u>	<u>197,956</u>

Note: Non-current assets excluded deferred tax assets.

Information about major customers

Revenue from customers for the years ended 31 December 2024 and 2023 contributing over 10% of the Group's revenue are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Customer A	784,911	922,276
Customer B	<u>240,999</u>	<u>150,066</u>

4. OTHER INCOME

	2024 HK\$'000	2023 HK\$'000
Government grants	609	1,134
Interest income		
- Bank deposit	13,024	4,063
- Financial assets at fair value through profit or loss	1,508	2,032
Dividend income	1,686	3,648
Sales of raw materials and samples	3,906	169
Others	370	913
	<u>21,103</u>	<u>11,959</u>

5. OTHER GAINS AND LOSSES, NET

	2024 HK\$'000	2023 HK\$'000
Gain on disposal/written off of property, plant and equipment	17	312
Gain on early termination of leases	828	-
Net foreign exchange gain/(loss)	3,413	(5,118)
(Allowance for)/reversal of expected credit loss recognised on trade and other receivables, net	(926)	1,273
Fair value change on financial assets at fair value through profit or loss, net:		
- Foreign exchange options		
- Realised gain	-	97
- Investments in bonds and funds		
- Realised gain	45	585
- Unrealised gain/(loss)	277	(5,850)
	<u>3,654</u>	<u>(8,701)</u>

6. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Interest on trade financing	14,777	16,544
Interest on lease liabilities	4,457	1,526
	<u>19,234</u>	<u>18,070</u>

7. INCOME TAX EXPENSE

	2024 HK\$'000	2023 HK\$'000
The income tax expense comprises:		
Current tax:		
Hong Kong Profits Tax	36,275	30,038
PRC Enterprise Income Tax	127	8,810
Cambodia Income Tax	674	774
	<u>37,076</u>	<u>39,622</u>
Deferred tax credit	(1,674)	(169)
	<u>35,402</u>	<u>39,453</u>

(a) 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.

(b) 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 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%.

(c) Cambodia Corporate 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 2024 and 2023.

(d) Vietnam Corporate Income Tax

Pursuant to the relevant laws and regulations in Vietnam, the tax rate of the Vietnamese subsidiary is 20% during the years ended 31 December 2024 and 2023.

(e) Honduras Corporate Income Tax

Pursuant to the relevant laws and regulations in Honduras, the tax rate of the Honduran subsidiary is 25% during the years ended 31 December 2024 and 2023.

8. PROFIT FOR THE YEAR

	2024 HK\$'000	2023 HK\$'000
Profit for the year has been arrived at after charging/ (crediting):		
Directors' remuneration	7,100	6,310
Auditors' remuneration	1,600	1,600
Depreciation of property, plant and equipment	14,840	13,873
Depreciation of right-of-use assets	4,686	5,504
Cost of inventories recognised as an expenses	669,956	683,199
Expenses related to short-term leases	2,744	1,476
Allowance for/(reversal of) expected credit loss recognised on trade and other receivables, net	<u>926</u>	<u>(1,273)</u>

9. DIVIDEND

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

	2024 HK\$'000	2023 HK\$'000
Final dividend proposed after the end of reporting period of HK\$0.056 per share (2023: HK\$0.0485 per share)	<u>70,000</u>	<u>60,625</u>

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

	2024 HK\$'000	2023 HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK\$0.0485 per share (2023: HK\$0.044 per share)	<u>60,625</u>	<u>55,000</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:

	2024 HK\$'000	2023 HK\$'000
Earnings		
Earnings for the purpose of calculating basic earnings per share (Profit for the year attributable to the owners of the Company)	<u>170,373</u>	<u>175,420</u>
	'000	'000
Number of shares		
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 2024 and 2023 were the same as there were no potential ordinary shares in issue during the years ended 31 December 2024 and 2023.

11. TRADE AND OTHER RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables, net	42,572	30,297
Deposits, prepayments and other receivables, net	<u>62,633</u>	<u>74,840</u>
	<u>105,205</u>	<u>105,137</u>

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

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:

	2024 HK\$'000	2023 HK\$'000
0-30 days	24,346	21,401
31-60 days	15,321	8,319
61-90 days	2,531	577
Over 90 days	<u>374</u>	<u>-</u>
	<u>42,572</u>	<u>30,297</u>

12. TRADE AND OTHER PAYABLES

	2024 HK\$'000	2023 HK\$'000
Trade payables	80,485	51,141
Accruals and other payables	102,148	122,779
	<u>182,633</u>	<u>173,920</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:

	2024 HK\$'000	2023 HK\$'000
0-30 days	73,435	47,776
31-60 days	6,648	1,912
61-90 days	137	1,179
Over 90 days	265	274
	<u>80,485</u>	<u>51,141</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 HK\$'000
Authorised:		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	<u>50,000,000,000</u>	<u>500,000</u>
Issued and fully paid:		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	<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 currently operates production through subcontractors with long-term relationships.

In addition to the design center in Spain, the Group 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. Through this establishment in proximity to the customer, we aim to enhance communication with our customers, improve our understanding of customers' needs, 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.

While the global economic landscape was restored in 2024 with the gradual recovery of global trade and the expectation of central banks approaching the end of the recent tightening cycle, the world continues to face challenges including the growing trend of decentralised supply chain, the rising geopolitical tensions and tariff-related disruptions. Amidst these global uncertainties, we have maintained our dedication to production bases diversification, vertical integration, and customer satisfaction, with a commitment to ensuring product quality while controlling costs. In addition, the Group continued our efforts to diversify the customer base and geographic spread of customers' demand. These principles and strategies have served as the foundation for our success in this volatile environment.

Our sales of sleepwear products increased by approximately 10.1% to approximately HK\$726.4 million while the sales of loungewear products decreased by approximately 26.1% to approximately 326.2 million during the year ended 31 December 2024 (the "**Year**"). The decrease in sales of loungewear products was due to the change of product mix, and also reflected the initial influence of the diversification of customer base and geographic spread of customers' demand. The revenue from Customer B was increased by approximately 60.6% and the revenue from region in Europe (United Kingdom and Ireland) was increased by approximately 61.0% in 2024. For the year ended 31 December 2024, the Group recorded a slight decrease in gross profit ratio by 1.8% and a slight increase in net profit ratio by 0.1% respectively. The Group has persevered in cost awareness by adopting a proactive cost control strategy and enlarging the benefits from our vertical integration.

For the year ended 31 December 2024, the Board proposed a final dividend of HK\$0.056 per share, representing a dividend ratio of approximately 41.1% 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 Africa, 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 2024, the revenue of the Group recorded approximately HK\$1,068 million, representing a decrement of approximately 4.1% as compared with the same period of last year. The sales of sleepwear products increased by approximately 10.1% to approximately HK\$726.4 million while the sales of loungewear products decreased by approximately 26.1% to approximately 326.2 million. The decrease in sales of loungewear products was due to the change of product mix, and also reflected the initial influence of the diversification of customer base and geographic spread of customers' demand.

Gross profit

The gross profit of the Group in 2024 was approximately HK\$321.6 million with gross profit margin of approximately 30.1%, while it was approximately HK\$355.2 million in 2023 with margin of approximately 31.9%. Due to the change of product mix and the diversification of customer base, the gross profit margin has decreased by 1.8%. The Group also suffered the pressure of the increment of staff cost, especially in Central America. The Group has implemented pro-active cost control strategy and diversification of production bases to allocate production among different bases to save on raw material and production costs.

Other income

For the year ended 31 December 2024, the Group recorded other income of approximately HK\$21.1 million, while it was approximately HK\$12.0 million during 2023. There was an increase in bank deposit interest income of approximately HK\$9.0 million in 2024 compared to the same period in 2023 which was mainly attributed to the increment of interest rates and the amount of bank deposit.

Other gains and losses

For the year ended 31 December 2024, the Group recorded net other gains of approximately HK\$3.7 million, while the Group recorded net other losses of approximately HK\$8.7 million during 2023. The Group recorded unrealized gain from investments in bonds and funds of approximately HK\$0.3 million, while the Group recorded unrealized loss from investments in bonds and funds of approximately HK\$5.9 million during 2023. The investments in market-tradeable bonds and funds were recorded in market value as at the reporting date. The Group intended to hold these investments on a long-term basis till maturity. In addition, the Group recorded net foreign exchange gain of approximately HK\$3.4 million during 2024, while the Group recorded net foreign exchange loss of approximately HK\$5.1 million during 2023.

Selling and distribution expenses

For the year ended 31 December 2024, the selling and distribution expenses of the Group were approximately HK\$52.2 million, representing a decrease of approximately 6.2% from approximately HK\$55.7 million recorded in 2023. The Group implemented cost control and aimed to utilize our resources in a more effective way. The selling expenses over turnover ratio slightly decreased from approximately 5.0% in 2023 to approximately 4.9% in 2024.

Administrative expenses

The administrative expenses of the Group for the year ended 31 December 2024 were approximately HK\$69.1 million, representing a slight increase of approximately 1.5% from approximately HK\$68.1 million recorded in 2023. The increase mainly resulted from the expansion of the Group's operation scale, including commencement of the trial-run of the new factory in Cambodia, the continuing operation of Honduras factory and commitment in the Vietnam production base in 2024.

Finance costs

The finance costs of the Group were approximately HK\$19.2 million during 2024, while it was approximately HK\$18.1 million in 2023. The amount of interest on trade financing has decreased by approximately HK\$1.8 million in 2024. Lesser amount of trade financing had been arranged in 2024 due to the slight decrease in turnover. In addition, the United States Federal Reserve System cut the Fed Federal Funds Rate from 5.5% to 4.5% since 19 September 2024, which has positive impact to lower the interest rate of the Group's trade financing. On other hand, the amount of interest on lease liabilities has increased by approximately HK\$2.9 million in 2024, which was mainly due to the occurrence of the new lease of the new factory in Cambodia.

Profit attributable to the owners of the Company

The profit attributable to the owners of the Company slightly decreased by approximately 2.9% from approximately HK\$175.4 million for the year ended 31 December 2023 to approximately HK\$170.4 million for the year ended 31 December 2024. The decrement of net profit was mainly due to the above mentioned decrement of gross profit.

Receivables and Payables

As at 31 December 2024, the trade and other receivables of the Group amounted to approximately HK\$105.2 million, which is similar to the balance in 2023. The prepayments to import-export corporations decreased by approximately HK\$22.1 million due to the early delivery of raw materials to our production bases and sub-contractors in overseas before Chinese New Year. The prepayment to other suppliers increased by approximately HK\$8.2 million, which were mainly paid to raw materials suppliers and sub-contractors for the preparation of confirmed sales orders.

As at 31 December 2024, the trade and other payables of the Group amounted to approximately HK\$182.6 million, representing an increase of approximately HK\$8.7 million as compared to the balance in 2023. The increase is mainly due to the increase of purchase of raw materials prior to the year end, resulting in an increase of approximately HK\$29.3 million in the trade payables. Meanwhile, the prepayments from and purchase payables due to import-export corporations decreased by approximately HK\$18.4 million due to the decrease of production works in our overseas production bases and sub-contractors.

Outlook and Future Prospects

In 2024, the global economic growth was slower than expected and the progress of the major central banks to ease the restrictive monetary policies was also conservative. In light of these circumstances, our Group aims for 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 political risks, and provide us with benefits when we foray into new markets as a pioneer. The Group expects this production facility can achieve its optimal capacity with the support of new purchase orders from our customers.

The Group continues 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. The Group aims to carry out the trial-run of this production facility before the end of 2025.

Currently, the Group is also carrying out our new plan to establish a new production base in Kenya. The Group expects to increase our production capacity, reduce costs, and shorten delivery times to our customers in Europe. The Group is recruiting competent management to lead and implement this plan. We aim to carry out the trial-run of this production base in the second-half of 2025.

In addition, the Group plans to further establish a new subsidiary in the United States in 2025 to strengthen our design and pre/post sales operations and to enhance communication with our customers. The Group plans to establish our design department to coordinate our design teams in China, Spain and United States to enhance the design and quality of our products.

The Group will also continue our efforts to diversify the customer base and geographic spread of customers' demand. We expect that there will be more purchase orders from our customers in Europe. We hope our diversification strategy can minimize the impact of the rising geopolitical tensions and tariff-related disruptions in global.

During the year, the Group continued the initial activities of our first self-owned brand (COZ). 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.

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

Financial Resources and Liquidity

As at 31 December 2024, the Group had current assets of approximately HK\$843.2 million (31 December 2023: HK\$735.6 million) and current liabilities of approximately HK\$199.1 million (31 December 2023: HK\$195.1 million). The current ratio was 4.24 as at 31 December 2024 as compared with 3.77 as at 31 December 2023.

The Group's cash and bank balances as at 31 December 2024 amounted to approximately HK\$418.5 million (31 December 2023: HK\$355.0 million), of which approximately 64.4% were denominated in United States dollars, 29.9% in Renminbi, 4.7% in Vietnamese Dong and 1.0% in other currencies.

As at 31 December 2024 and 31 December 2023, the Group had no outstanding bank loans. As at 31 December 2024, the Group pledged assets of the Group with a net book value of HK\$112.7 million (31 December 2023: HK\$121.5 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 2024 and 31 December 2023.

Since the Group's principal activities are in Hong Kong and PRC and the financial resources available, including cash on hand, are mainly in Hong Kong Dollars, Renminbi and United States Dollars, the exposure to foreign exchange fluctuation is relatively limited. As at 31 December 2024, 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 2024, the Group invested in 11 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 banking, airline services, property and real estate development in the PRC, etc.. There are no additions of investments in market-tradable bond instruments during 2024, and the aggregation of par value of bond instruments from each issuer represented less than 5% of the total assets of the Group. As at 31 December 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 USD2.5 million (equivalent to approximately HK\$19.5 million). During the year ended 31 December 2024, the Group recognised net unrealised loss from mark-to-market fair value adjustments of approximately HK\$2.4 million.

As at 31 December 2024, the Group also invested in 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 independent financial institutions. There are no additions of investments in funds during 2024, and the aggregation of par value of funds from each issuer represented less than 5% of the total assets of the Group. As at 31 December 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 USD11.7 million (equivalent to approximately HK\$91.6 million). During the year ended 31 December 2024, the Group recognised net unrealised gain from mark-to-market fair value adjustments of approximately HK\$2.7 million. Hence, the net amount of unrealized gain from investments in market-tradable bond instruments and funds was approximately HK\$0.3 million for the year.

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.

Material Acquisitions and Disposals

The Group did not have material acquisitions and disposals for the year ended 31 December 2024.

Significant Investment

Other than those stated above, the Group did not have other significant investment for the year ended 31 December 2024.

Contingent Liabilities

As at 31 December 2024, the Directors were not aware of any material contingent liabilities.

Events after the Reporting Period

No subsequent events occurred after 31 December 2024 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 2024.

Employees and Remuneration Policy

As at 31 December 2024, the Group employed about 2,028 staff and workers in Hong Kong, PRC, Cambodia, Vietnam and Honduras (as at 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 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 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 year ended 31 December 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 Controlling Shareholders during the year ended 31 December 2024, and no competing business was reported by the Controlling Shareholders throughout the year ended 31 December 2024.

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 C3 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 2024.

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 C1 of the Listing Rules during the year ended 31 December 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.

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. Woo Chun Fai and Ms. Lau Jeny.

The Group’s audited annual financial results for the year ended 31 December 2024 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 Ms. Lau Jeny 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, 20 June 2025 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, 17 June 2025 to Friday, 20 June 2025 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, 20 June 2025. 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, 16 June 2025; and
- (ii) on Thursday, 26 June 2025, 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 Wednesday, 25 June 2025. The final dividend will be paid on or about Wednesday, 9 July 2025 to the shareholders whose names appear on the register of members as on Thursday, 26 June 2025.

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 and consequently no opinion or assurance conclusion 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) and the Company (www.justinallengroup.com) and the Company's 2024 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, 31 March 2025

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. Lui Ho Ming Paul, and three independent non-executive directors of the Company, namely, Mr. Woo Chun Fai, Mr. Mak King Sau and Ms. Lau Jeny.