

INTERIM REPORT

2021



Fiber to

Yarn to

Fabric

to Fashion

JUSTIN ALLEN HOLDINGS LIMITED

捷隆控股有限公司

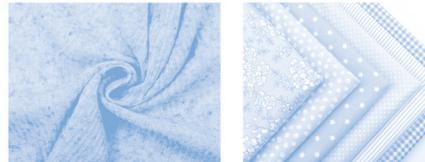
Incorporated in the Cayman Islands with limited liability

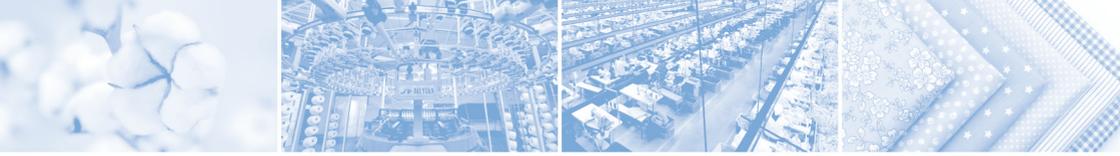
Stock Code : 1425



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MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

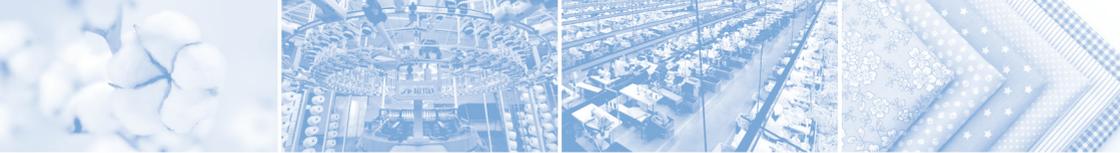
The Group primarily engages in the business of OEM garment manufacturing, specializing in the production of sleepwear and loungewear products. We have a vertically integrated business operation, which is comprised of (1) raw materials sourcing and greige fabric production, (2) raw materials and fabric development, (3) garment design, (4) customer consultation on product design and fabric use, (5) conducting key garment production processes with our production facilities, and (6) carrying out quality control at various key production stages and on finished garment products. As such, in addition to the individual services listed above, the Group offers our customers a one-stop solution, from apparel inception to finalized production and shipment. The Group owns production facilities in each of Henan Province, the People's Republic of China (“**PRC**”) and Phnom Penh, Cambodia. In Vietnam, the Group at this stage operates production via sub-contractors with long-term relationship.

In the first half of 2021, given that the spread of the novel coronavirus pandemic (“**COVID-19**”) has been under control with the rolling out of the vaccine, the global macro-economy has been gradually recovering. Benefiting from the proactive implementation of business strategy, the Group is able to cope with these challenges and capture post-pandemic opportunities in the market. Our diversified production bases allow us to dodge from lock-downs of different countries and maintain continuous production, and further provide options for customers to shift orders to us. For the six months ended 30 June 2021, the sales volume of sleepwear and loungewear products of the Group was approximately 10.3 million pieces, which recorded an increment of approximately 37.4% as compared to the sales volume for the six months ended 30 June 2020.

Financial Review

Revenue

For the six months ended 30 June 2021, the revenue of the Group recorded approximately HK\$361.5 million, representing an increment of approximately 33.7% as compared with the same period of last year. During the first half of 2021, the sales volume of sleepwear and loungewear products of the Group was approximately 10.3 million pieces, which recorded an increment of approximately 37.4% as compared to the sales volume for the same period of 2020. 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 3.5% as compared with those in 2020.



Gross profit

The gross profit of the Group increased by approximately HK\$10.2 million from approximately HK\$77.0 million during the six months ended 30 June 2020, to approximately HK\$87.2 million during the six months ended 30 June 2021. The increment rate was approximately 13.2%. During the current period under review, the average gross profit margin was approximately 24.1% while the average gross profit margin for the full year 2020 was approximately 28.5%. During the first half of 2021, the Group is changing the sources of raw materials due to stricter requirements from customers. The COVID-19 pandemic has continuously impacted raw material supply and shipping arrangements due to reasons such as border lockdown in different countries and tight supply of containers. All these factors resulted in the increment in overall production and material costs and the average gross profit margin decrease during this period.

Other income

For the six months ended 30 June 2021, the Group recorded other income of approximately HK\$7.0 million, while it was approximately HK\$1.4 million during the six months ended 30 June 2020. The increment was mainly due to the interest income of approximately HK\$4.5 million contributed from the market-tradeable bond instruments invested by the Group for utilizing short-term available fund.

Selling and distribution expenses

For the six months ended 30 June 2021, the selling and distribution expenses of the Group were approximately HK\$21.5 million, representing an increase of approximately HK\$6.7 million as compared with the same period of last year. The increase was in line with the growth of revenue, in which the selling expenses over turnover ratio for 2021 was approximately 6.0%, while it was approximately 5.5% in 2020.

Administrative expenses

The administrative expenses of the Group for the six months ended 30 June 2021 were approximately HK\$30.1 million, with an increment of approximately 28.5% from approximately HK\$23.4 million recorded in 2020. During the current period under review, the Group is continuously expanding its operation scale in order to prepare for further growth in the future.



Finance costs

The finance costs of the Group decreased by approximately 56.5% from approximately HK\$3.4 million for the six months ended 30 June 2020 to approximately HK\$1.5 million for the six months ended 30 June 2021. The decrease was mainly due to the change of bank loans portfolio during the six months ended 30 June 2021, and there were only some 1 to 3 months short-term bank loans incurred during 2021 for supporting the temporary requirement of working capital.

Profit attributable to the owners of the Company

The profit attributable to the owners of the Company increased by approximately 5.4% from approximately HK\$30.0 million for the six months ended 30 June 2020 to approximately HK\$31.7 million for the six months ended 30 June 2021. The increment of net profit was mainly due to the abovementioned increment of revenue.

Outlook and future prospects

With the impact from COVID-19 pandemic and other social and political factors over manufacturing industries such as tight supply of materials and limitations in cross-border shipment, it is expected that the production cost will continuously maintain a comparatively higher level for a short period of time. On the other hand, in view of the global economy gradually recovering from the COVID-19 pandemic, the Group will continue to move forward in expanding the business both vertically and horizontally in order to cope with different challenges and get prepared to capture business opportunities.

For vertical integration, we are in the process of acquiring a garment manufacturing factory for immediate expansion of our production capacity, and establishing our own flagship factory in Vietnam with the potential of developing a fully vertical manufacturing base in the long term. Additionally, to avoid unpredictable challenge from trade uncertainties and to diversify social, economic and political risks, management is exploring possibilities to set up production bases in other countries. More in-depth research and discussions will be continued in the second half of this year.



For horizontal integration, the Group has worked with our customers to further extend our product categories in children's wear besides our current sleepwear and loungewear products. The Group has enlarged the quality assurance and compliance team to meet the stricter safety standards and protocols of children's wear. Furthermore, we have onboarded a director of design and senior designer from Spain to lead and strengthen the ability of our current design department, and provide even more value-added services to our customers.

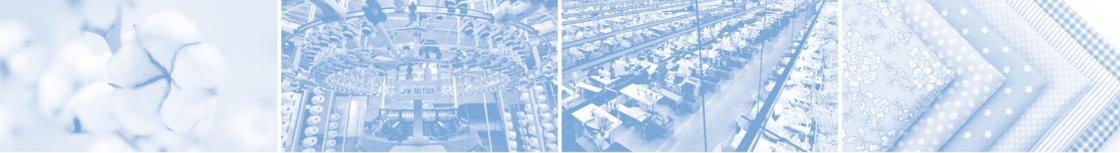
For our mid and long term strategy, the Group aims to expand our reach in existing and new markets by utilizing our solid foundation, market analysis, and technical research to place ourselves in a position to capture future opportunities to provide fruitful returns for the Group and all shareholders.

Financial resources and liquidity

As at 30 June 2021, the Group had current assets of approximately HK\$522.55 million (31 December 2020: HK\$375.80 million) and current liabilities of approximately HK\$300.98 million (31 December 2020: HK\$145.52 million). The current ratio was 1.74 as at 30 June 2021 as compared with 2.58 as at 31 December 2020. The change of current ratio was mainly due to the increase of bank loans by approximately HK\$84.32 million as at 30 June 2021.

The Group's cash and bank balances as at 30 June 2021 amounted to approximately HK\$74.58 million (31 December 2020: HK\$85.92 million), of which approximately 66.3% were denominated in Renminbi, approximately 28.2% were denominated in United States dollars, approximately 5.1% were denominated in Hong Kong dollars, and approximately 0.4% were denominated in Canadian dollars and Cambodian riel. During the six months ended 30 June 2021, there was a net cash used in operating activities of approximately HK\$3.67 million, while it was a net cash generated from operating activities of approximately HK\$88.28 million during the six months ended 30 June 2020. The changes were mainly due to the increment of inventories of approximately HK\$98.87 million as at 30 June 2021, while the inventory level as at 30 June 2020 was only increased by approximately HK\$24.49 million as compared with the last period end.

As at 30 June 2021, the Group had outstanding bank loans amounted to approximately HK\$84.32 million (31 December 2020: Nil) which were granted by banks in Hong Kong and PRC, and were denominated in United States Dollars, with interest rates charged by banks ranged from 1.52% to 2.48% per annum in which approximately HK\$31.28 million bank loans were charged at fixed interest rates. The Group pledged assets of the Group with a net book value of HK\$168.50 million (31 December 2020: HK\$173.92 million) for certain banking facilities.



The gearing ratio of the Group, measured by bank borrowings as a percentage of shareholders' equity, was 21.3% as at 30 June 2021 as compared with zero as at 31 December 2020.

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 2021, the Group entered into foreign currency forward contracts 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.

For the six months ended 30 June 2021, the Group invested in 20 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 12 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 4.7% to 8.5%. The principal business activities of these issuers mainly include construction, property and real estate development in the PRC, etc.. As at 30 June 2021, the total amount of par value of these bonds was approximately USD12.95 million (equivalent to approximately HK\$101.01 million) and the market value was approximately HK\$102.52 million, and the aggregation of par value and consideration of bond instruments from each issuer represented less than 5% of the total assets of the Group. During the six months ended 30 June 2021, the Group recognized realized trading loss of approximately HK\$0.75 million and unrealized gain from mark-to-market fair value adjustments of approximately HK\$1.51 million.



For the six months ended 30 June 2021, the Group also subscribed 3 different funds with par value between USD0.4 million to USD2.0 million each through a bank. These funds were issued by 3 different financial institutions (who are independent third parties) with par value ranged from USD0.4 million to USD2.0 million each. As at 30 June 2021, the total amount of par value of these funds was approximately USD2.80 million (equivalent to approximately HK\$21.84 million) and the market value was approximately HK\$22.04 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 2021, the Group recognized unrealized gain from mark-to-market fair value adjustments of approximately HK\$0.2 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.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2021, the Group employed 1,668 staff and workers in Hong Kong, PRC and Cambodia (31 December 2020: 1,847). The Group remunerates its employees based on their performance and experience and their remuneration package will be reviewed periodically by the management. Other employee benefits include medical insurance, retirement scheme, appropriate training program and share option scheme.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 June 2021.

USE OF NET PROCEEDS FROM GLOBAL OFFERING

After deduction of all related listing expenses and commissions, the net proceeds from the global offering amounted to approximately HK\$60.8 million. The details of amount utilized as at 30 June 2021 and expected timetable for the unutilized proceeds are as follows:

		Amount utilized up to 30 June 2021	Amount unutilized up to 30 June 2021	Expected timeline for the unutilized net proceeds to be utilized (Note)
	Allocation	HK\$'million	HK\$'million	For the year ending 31 December 2021
	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>
Further development of existing factory in Henan	45.1	6.4	38.7	38.7
New production factory in Vietnam	13.8	–	13.8	13.8
Working capital	1.9	–	1.9	1.9
Total	60.8	6.4	54.4	54.4

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



MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have material acquisitions and disposals for the six months ended 30 June 2021.

SIGNIFICANT INVESTMENT AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed above, during the six months ended 30 June 2021, the Group did not have other significant investments.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed above and in this report, no other subsequent events occurred after 30 June 2021 which may have a significant effect on the assets and liabilities or future operations of the Group.

OTHER INFORMATION

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

As at 30 June 2021, the Directors and the chief executives of the Company, and their respective associates had the following interests in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "**SFO**")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions



of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”):

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

Note:

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

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



Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2021, the following persons (other than the Directors or chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company which are required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO.

Long and Short Positions in the Shares of the Company

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

Notes:

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

Save as disclosed above, as at 30 June 2021, the Directors or chief executive of the Company were not aware of any other person (other than the Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.



Share Option Scheme

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

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

During the six months ended 30 June 2021, none of the Company or any of its subsidiaries was a party to any arrangement to enable the Directors to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Purchase, Sale or Redemption of Shares

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Shares.

Competing Interest

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

Each of the Controlling Shareholders has provided a written confirmation (each a “**Confirmation**”, and together the “**Confirmations**”) to the Company confirming that he/she/it fully complied with the Deed of Non-Competition (as defined in the Prospectus) during the six months ended 30 June 2021 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 2021. The independent non-executive Directors have reviewed the Confirmations from the Controlling Shareholders and are satisfied that the Deed of Non-Competition was fully complied with by Controlling Shareholders during the six months ended 30 June 2021, and no competing business was reported by the Controlling Shareholders throughout the six months ended 30 June 2021.



Directors' Interests in Transactions, Arrangements or Contracts

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

Model Code for Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct for securities transactions by Directors. Having made specific enquiry of the Directors, all Directors have confirmed their compliance with all the relevant requirements as set out in the Model Code during the six months ended 30 June 2021.

Code of Corporate Governance Practices

The Company has complied with all of the code provisions of the Corporate Governance Code and Corporate Governance Report (the “**Code**”) as set out in Appendix 14 of the Listing Rules during the six months ended 30 June 2021, except for the following deviations:

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



SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules throughout the six months ended 30 June 2021 and up to the date of this interim report.

Interim Dividend

The Directors did not recommend the payment of any interim dividend for the six months ended 30 June 2021 (corresponding period of 2020: Nil).

Audit Committee

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

The Group's unaudited interim financial statements for the six months ended 30 June 2021 have been reviewed by the audit committee of the Company.

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. Law Tze Lun.

Nomination Committee

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

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

Hong Kong, 30 August 2021



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INTERIM RESULTS

The Board is pleased to announce the unaudited condensed consolidated interim results for the six months ended 30 June 2021 of the Group, together with comparative figures for the previous period as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Six Months Ended 30 June 2021

	Note	Six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	3	361,498	270,423
Cost of sales		(274,321)	(193,443)
Gross profit		87,177	76,980
Other income		7,018	1,387
Other gains and losses, net		(568)	(1,144)
Selling and distribution expenses		(21,527)	(14,791)
Administrative expenses		(30,074)	(23,404)
Finance costs		(1,486)	(3,419)
Profit before tax		40,540	35,609
Income tax expense	4	(9,651)	(5,963)
Profit for the period	5	30,889	29,646
Other comprehensive income/(loss), net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of foreign operations		5,857	(8,754)
Other comprehensive income/(loss) for the period, net of income tax		5,857	(8,754)
Total comprehensive income for the period, net of income tax		36,746	20,892



	Note	Six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Profit/(loss) for the period attributable to:			
— Owners of the Company		31,667	30,047
— Non-controlling interests		(778)	(401)
		30,889	29,646
Total comprehensive income/(loss) for the period attributable to:			
— Owners of the Company		37,171	21,614
— Non-controlling interests		(425)	(722)
		36,746	20,892
Dividend	6	–	–
Earnings per share	7		
— Basic (HK cents)		2.53	2.40
— Diluted (HK cents)		2.53	2.40

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Note	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	8	144,115	146,209
Right-of-use assets		51,400	51,753
Deposits paid for acquisition of property, plant and equipment		63	126
Rental deposits		1,692	1,616
Deferred tax assets		4,914	2,300
		202,184	202,004
Current assets			
Inventories		202,189	103,322
Trade and other receivables	9	81,270	77,492
Financial assets at fair value through other comprehensive income		40,908	32,452
Financial assets at fair value through profit of loss		123,603	76,606
Bank balances and cash		74,577	85,924
		522,547	375,796
Current liabilities			
Trade and other payables	10	190,043	130,496
Lease liabilities		1,878	2,200
Bank borrowings		84,318	–
Tax payable		24,739	12,819
		300,978	145,515
Net current assets		221,569	230,281
Total assets less current liabilities		423,753	432,285



	Note	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 <i>HK\$'000</i> (Audited)
Non-current liabilities			
Lease liabilities		951	1,229
		951	1,229
Net assets			
		422,802	431,056
Capital and reserves attributable to owners of the Company			
Share capital	11	12,500	12,500
Reserves		383,481	391,310
Equity attributable to owners of the Company		395,981	403,810
Non-controlling interests		26,821	27,246
Total equity		422,802	431,056

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Attributable to the owners of the Company							Non-controlling interests	Total
	Share capital	Share premium	Statutory reserve	Other reserve	Exchange reserve	Retained profits	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2020 (audited)	12,500	113,535	942	20,942	(16,851)	184,034	315,102	24,814	339,916
Profit for the period	-	-	-	-	-	30,047	30,047	(401)	29,646
Exchange difference on translation of foreign operations	-	-	-	-	(8,433)	-	(8,433)	(321)	(8,754)
Total comprehensive (loss)/ income for the period	-	-	-	-	(8,433)	30,047	21,614	(722)	20,892
Dividend	-	-	-	-	-	(28,500)	(28,500)	-	(28,500)
At 30 June 2020 (unaudited)	12,500	113,535	942	20,942	(25,284)	185,581	308,216	24,092	332,308
At 1 January 2021 (audited)	12,500	113,535	942	20,942	(5,252)	261,143	403,810	27,246	431,056
Profit for the period	-	-	-	-	-	31,667	31,667	(778)	30,889
Exchange difference on translation of foreign operations	-	-	-	-	5,504	-	5,504	353	5,857
Total comprehensive income for the period	-	-	-	-	5,504	31,667	37,171	(425)	36,746
Dividend	-	-	-	-	-	(45,000)	(45,000)	-	(45,000)
At 30 June 2021 (unaudited)	12,500	113,535	942	20,942	252	247,810	395,981	26,821	422,802

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Net cash (used in)/generated from operating activities	(3,672)	88,278
Investing activities		
Purchase of property, plant and equipment	(2,271)	(5,088)
Purchase of financial assets at fair value through profit of loss	(81,151)	–
Withdrawal of financial assets at fair value through profit of loss	33,836	–
Other cash flows arising from investing activities	4,643	494
Net cash used in investing activities	(44,943)	(4,594)
Financing activities		
Repayment of bank borrowings	–	(111,769)
Proceeds from new bank borrowings	84,318	19,500
Dividends paid	(45,000)	–
Other cash flows arising from financing activities	(2,778)	(10,744)
Net cash generated from/(used in) financing activities	36,540	(103,013)
Net decrease in bank balances and cash	(12,075)	(19,329)
Bank balances and cash at 1 January	85,924	131,750
Effect of foreign exchange rate changes	728	255
Bank balances and cash at 30 June	74,577	112,676



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. REVIEW OF INTERIM RESULTS

The condensed consolidated interim financial statements are unaudited but have been reviewed by the audit committee of the Company.

2. BASIS OF PREPARATION

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

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

The financial information relating to the financial year ended 31 December 2020 included in this consolidated interim financial results as being previously reported information does not constitute the Company’s statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2020 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 30 March 2021.

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 2020 annual accounts, except for the adoption of the standards, amendments and interpretations issued by the HKICPA mandatory for the annual periods beginning 1 January 2021. The effect of the adoption of these standards, amendments and interpretations was not material to the Group’s results of operations or financial position.



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 2021 and 2020.

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

Revenue from major products and services

	Six months ended 30 June	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Sales of products (sleepwear, loungewear and greige fabric)	358,162	268,995
Processing services	3,336	1,428
	361,498	270,423
Timing of revenue recognition		
At a point in time	358,162	268,995
Over time	3,336	1,428
	361,498	270,423

During the six months ended 30 June 2021 and 2020, all performance obligations for manufacturing and sales of sleepwear products, loungewear products, greige fabric and processing services are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to unsatisfied performance obligations as at the end of each reporting period is not disclosed.

3. REVENUE AND SEGMENT INFORMATION *(continued)*

Geographical information

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

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue		
United States of America	300,497	207,744
United Kingdom	20,468	19,035
Ireland	16,671	21,211
The PRC	10,781	5,086
Canada	7,948	11,989
Spain	5,133	4,792
Cambodia	-	566
	361,498	270,423

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

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
	Non-current assets	
The PRC	159,096	161,026
Hong Kong	31,940	32,527
Cambodia	6,234	6,151
	197,270	199,704

Note: Non-current assets excluded deferred tax assets.



3. REVENUE AND SEGMENT INFORMATION *(continued)*

Information about major customers

Revenue from customers for the six months ended 30 June 2021 and 2020 contributing over 10% of the Group's revenue are as follows:

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Customer A	299,197	206,773
Customer B	43,153	45,606

4. INCOME TAX EXPENSES

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

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong Profits Tax	7,865	6,824
PRC Enterprise Income Tax	4,067	376
Cambodia Income Tax	332	–
	12,264	7,200
Deferred tax credit	(2,613)	(1,237)
	9,651	5,963



4. INCOME TAX EXPENSES *(continued)*

(a) Cayman Islands

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

(b) British Virgin Islands Income Tax

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

(c) Hong Kong Profits Tax

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

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

(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 2021 and 2020.

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%.



4. INCOME TAX EXPENSES *(continued)*

(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 2021 and 2020.

5. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Profit for the period is stated after charging:		
Staff costs comprises:		
— Wages and salaries	42,028	36,010
— Retirement benefits schemes contributions	3,680	379
	45,708	36,389
Depreciation of property, plant and equipment	5,728	5,902
Depreciation of right-of-use assets	1,225	1,768
Cost of inventories recognised as an expense	239,795	176,090
Expenses related to short-term leases	498	212

6. INTERIM DIVIDEND

During the six months ended 30 June 2021, the Board declared HK\$0.036 (2020: HK\$0.0228) per share or approximately HK45.0 million (2020: HK\$28.5 million) in aggregate as final dividend for the year ended 31 December 2020.

No interim dividend has been paid or declared by the Company for the six months ended 30 June 2021 (six months ended 30 June 2020: 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	
	2021	2020
	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)	31,667	30,047
	'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 2021 and 2020 was the same as there was no potential ordinary shares in issue during the six months ended 30 June 2021 and 2020.

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, there was an addition of approximately HK\$2.27 million (for the six months ended 30 June 2020: HK\$5.09 million) in property, plant and equipment.



9. TRADE AND OTHER RECEIVABLES

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Trade receivables, net	9,122	20,501
Other receivables in respect of factored trade receivables	21,350	25,928
Prepayments	17,061	5,327
Prepayments to import-export corporations	24,115	22,119
Deposits paid	118	13
Tax recoverable	4,509	2,272
Other receivables, net	4,995	1,332
	81,270	77,492

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 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
0–30 days	7,117	16,257
31–60 days	2,005	585
61–90 days	–	3,654
Over 90 days	–	5
	9,122	20,501

10. TRADE AND OTHER PAYABLES

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Trade payables	117,572	47,968
Prepayments from and purchase payables due to import-export corporations	16,933	15,651
Accrued expenses	45,595	51,426
Other tax payables	4,255	6,328
Payables for acquisition of property, plant and equipment	1,482	1,229
Other payables	4,206	7,894
	190,043	130,496

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 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
0–30 days	114,795	44,160
31–60 days	2,429	3,010
61–90 days	–	151
Over 90 days	348	647
	117,572	47,968

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



11. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
Balance as at 31 December 2020 and 30 June 2021, ordinary shares of HK\$0.01 each	50,000,000,000	500,000
Issue and fully paid:		
Balance as at 31 December 2020 and 30 June 2021	1,250,000,000	12,500

12. CAPITAL COMMITMENTS

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the period/year	474	364

13. CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 June 2021 (2020: Nil).



CORPORATE INFORMATION

Executive Directors

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

Independent Non-executive Directors

Mr. Law Tze Lun
Mr. Lui Ho Ming Paul
Mr. Woo Chun Fai

Company Secretary

Mr. Foo Tin Chung, Victor

Authorised Representatives

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

Audit Committee

Mr. Law Tze Lun (*Chairman*)
Mr. Lui Ho Ming Paul
Mr. Woo Chun Fai

Remuneration Committee

Mr. Lui Ho Ming Paul (*Chairman*)
Mr. Tam Kwok Pui
Mr. Law Tze Lun

Nomination Committee

Mr. Tam Kwok Pui (*Chairman*)
Mr. Law Tze Lun
Mr. Woo Chun Fai

Website

www.justinallengroup.com

Stock Code

1425

Date of Listing

28 November 2019

Auditors

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Principal Share Registrar and Transfer Office

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Grand Cayman KY1-9009
Cayman Islands

Hong Kong Branch Share Registrar

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

Principal Bankers

HSBC
Standard Chartered Bank (Hong Kong)
Limited

Registered Office in Cayman Islands

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Cayman Islands

Principal Place of Business in Hong Kong

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