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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 2021**

The board (the “**Board**”) of directors (the “**Directors**”) of Justin Allen Holdings Limited (the “**Company**”) is pleased to announce the consolidated annual results for the year ended 31 December 2021 of the Company and its subsidiaries (collectively the “**Group**”), together with comparative figures for the year ended 31 December 2020 as follows:

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

*For the year ended 31 December 2021*

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i> <b>(Unaudited)</b>	2020 <i>HK\$'000</i> <b>(Audited)</b>
<b>Revenue</b>	4	<b>1,181,603</b>	857,431
Cost of sales		<b>(871,139)</b>	(615,317)
<b>Gross profit</b>		<b>310,464</b>	242,114
Other income	5	<b>11,924</b>	4,993
Other gains and losses, net	6	<b>(3,016)</b>	(5,078)
Selling and distribution expenses		<b>(54,403)</b>	(49,144)
Administrative expenses		<b>(64,465)</b>	(53,738)
Finance costs	7	<b>(4,889)</b>	(5,277)
<b>Profit before tax</b>		<b>195,615</b>	133,870
Income tax expense	8	<b>(37,336)</b>	(27,649)
<b>Profit for the year</b>	9	<b>158,279</b>	106,221

	<i>Notes</i>	<b>2021</b> <b>HK\$'000</b> <b>(Unaudited)</b>	2020 <i>HK\$'000</i> <i>(Audited)</i>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translating foreign operations		<u>8,299</u>	<u>13,419</u>
Other comprehensive income for the year		<u>8,299</u>	<u>13,419</u>
<b>Total comprehensive income for the year</b>		<b><u>166,578</u></b>	<b><u>119,640</u></b>
<b>Profit for the year attributable to:</b>			
Owners of the Company		158,316	105,609
Non-controlling interests		<u>(37)</u>	<u>612</u>
		<b><u>158,279</u></b>	<b><u>106,221</u></b>
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the Company		165,872	117,208
Non-controlling interests		<u>706</u>	<u>2,432</u>
		<b><u>166,578</u></b>	<b><u>119,640</u></b>
Earnings per share, basic and diluted (HK cents)	<i>11</i>	<b><u>12.67</u></b>	<b><u>8.45</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2021*

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i> <b>(Unaudited)</b>	2020 <i>HK\$'000</i> <b>(Audited)</b>
<b>Non-current assets</b>			
Property, plant and equipment		144,656	146,209
Right-of-use assets		50,274	51,753
Deposits paid for acquisition of property, plant and equipment		17	126
Rental deposits		1,616	1,616
Deferred tax assets		1,820	2,300
		198,383	202,004
<b>Current assets</b>			
Inventories		146,962	103,322
Trade and other receivables	12	164,471	77,492
Financial assets at fair value through other comprehensive income		55,597	32,452
Financial assets at fair value through profit or loss		127,603	76,606
Bank balances and cash		98,476	85,924
		593,109	375,796
<b>Current liabilities</b>			
Trade and other payables	13	184,835	130,496
Lease liabilities		1,066	2,200
Bank borrowings		35,520	-
Financial liabilities at fair value through profit or loss		928	-
Tax payable		15,929	12,819
		238,278	145,515
<b>Net current assets</b>		354,831	230,281
<b>Total assets less current liabilities</b>		553,214	432,285
<b>Non-current liabilities</b>			
Lease liabilities		580	1,229
		580	1,229
<b>Net assets</b>		552,634	431,056
<b>Capital and reserves</b>			
Share capital	14	12,500	12,500
Reserves		512,181	391,310
Equity attributable to owners of the Company		524,681	403,810
Non-controlling interests		27,953	27,246
<b>Total equity</b>		552,634	431,056

Notes:

## 1. GENERAL INFORMATION

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

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

## 2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

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

The Group has applied the following new and amendments to HKFRSs issued by Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) for the first time in the current year:

Amendments to HKFRS 16	Covid-19 Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

Except as described below, 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.

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the “**Committee**”) of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

### **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:

HKFRS 17	Insurance Contracts and the related Amendments <sup>3</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 <sup>1</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>3</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>3</sup>

Amendments to HKAS 8	Definition of Accounting Estimates <sup>3</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>3</sup>
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use <sup>2</sup>
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract <sup>2</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 <sup>2</sup>
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 April 2021.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined.

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

### 3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“**HKASs**”), and Interpretations issued by the HKICPA and accounting principles generally accepted in Hong Kong. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decision made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain properties and financial instruments, which are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 “Share-based Payment”, leasing transactions that are within the scope of HKFRS 16 “Leases”, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 “Inventories” or value in use in HKAS 36 “Impairment of Assets”.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

### 4. 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 years ended 31 December 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 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

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Sales of products		
- Sleepwear	787,927	529,726
- Loungewear	364,944	315,002
- Greige fabric	25,381	10,598
Processing services	3,351	2,105
	<u>1,181,603</u>	<u>857,431</u>
<b>Timing of revenue recognition</b>		
At a point in time	1,178,252	855,326
Over time	3,351	2,105
	<u>1,181,603</u>	<u>857,431</u>

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

## Geographical information

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

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
<b>Revenue</b>		
United States of America	1,004,353	731,788
United Kingdom	57,946	34,881
Ireland	44,802	35,200
The PRC	28,732	12,703
Canada	28,274	33,631
Spain	17,496	9,228
	<u>1,181,603</u>	<u>857,431</u>

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

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
<b>Non-current assets</b>		
The PRC	160,274	161,026
Hong Kong	31,361	32,527
Cambodia	4,928	6,151
	<u>196,563</u>	<u>199,704</u>

Note: Non-current assets excluded deferred tax assets.

### Information about major customers

Revenue from customers for the years ended 31 December 2021 and 2020 contributing over 10% of the Group's revenue are as follows:

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Customer A	1,000,432	730,038
Customer B (Note)	122,853	-

Note: No information on revenue for 2020 is disclosed for this customer since it contributed less than 10% of the Group's revenue.

## 5. OTHER INCOME

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Government grant	1,022	3,471
Interest income		
- Bank deposit	356	793
- Financial assets at fair value through profit or loss	9,158	235
Dividend income	916	-
Others	472	494
	<u>11,924</u>	<u>4,993</u>

## 6. OTHER GAINS AND LOSSES, NET

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Gain/(loss) on disposal/written off of property, plant and equipment	65	(3,915)
Net foreign exchange gain/(loss)	1,057	(1,227)
Reversal for expected credit loss recognized on trade and other receivables, net	704	39
Fair value change on financial assets at fair value through profit or loss, net		
- Realized gain	3,234	-
- Unrealized (loss)/gain	(8,076)	25
	<u>(3,016)</u>	<u>(5,078)</u>

## 7. FINANCE COSTS

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Interest on bank borrowings	4,679	4,876
Interest on lease liabilities	210	401
	<u>4,889</u>	<u>5,277</u>

## 8. INCOME TAX EXPENSE

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
The income tax expense comprises:		
Current tax:		
Hong Kong Profits Tax	32,864	25,678
PRC Enterprise Income Tax	3,544	1,391
Cambodia Income Tax	458	-
	<u>36,866</u>	<u>27,069</u>
Deferred tax charge	470	580
	<u>37,336</u>	<u>27,649</u>

### (a) Cayman Islands

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

### (b) British Virgin Islands Income Tax

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

### (c) Hong Kong Profits Tax

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 years ended 31 December 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%.



### (e) Cambodia Income Tax

Pursuant to the relevant laws and regulations in Cambodia, the tax rate of the Cambodian subsidiary is 20% during the years ended 31 December 2021 and 2020.

## 9. PROFIT FOR THE YEAR

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Profit for the year is stated after charging:		
Depreciation of property, plant and equipment	12,604	11,896
Depreciation of right-of-use assets	3,779	3,512
Expenses related to short-term leases	967	401
Reversal for expected credit loss recognised on trade receivables and other receivables, net	<u>704</u>	<u>39</u>

## 10. DIVIDEND

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Final dividend proposed after the end of reporting period of HK\$0.059 per share (2020: HK\$0.036 per share)	<u>73,750</u>	<u>45,000</u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year, of HK\$0.036 per share (2020: HK\$0.0228)	<u>45,000</u>	<u>28,500</u>

## 11. EARNINGS PER SHARE

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

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
<b>Earnings</b>		
Earnings for the purpose of calculating basic earnings per share (Profit for the year attributable to the owners of the Company)	<u>158,316</u>	<u>105,609</u>
	<i>'000</i>	<i>'000</i>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u>1,250,000</u>	<u>1,250,000</u>

Basic and diluted earnings per share for the years ended 31 December 2021 and 2020 was the same as there was no potential ordinary shares in issue during the years ended 31 December 2021 and 2020.

## 12. TRADE AND OTHER RECEIVABLES

	<b>2021</b> <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Trade receivables, net	<b>37,562</b>	20,501
Deposit, prepayment and other receivables, net	<b>126,909</b>	56,991
	<b>164,471</b>	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 expected credit losses, presented based on the delivery dates at the end of each reporting period:

	<b>2021</b> <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
0-30 days	<b>25,915</b>	16,257
31-60 days	<b>11,204</b>	585
61-90 days	<b>417</b>	3,654
Over 90 days	<b>26</b>	5
	<b>37,562</b>	20,501

## 13. TRADE AND OTHER PAYABLES

	<b>2021</b> <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Trade payables	<b>93,174</b>	47,968
Accruals and other payables	<b>91,661</b>	82,528
	<b>184,835</b>	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:

	<b>2021</b> <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
0-30 days	<b>86,316</b>	44,160
31-60 days	<b>6,760</b>	3,010
61-90 days	<b>-</b>	151
Over 90 days	<b>98</b>	647
	<b>93,174</b>	47,968

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

#### 14. SHARE CAPITAL

	<b>Number of shares</b>	<b>Amount <i>HK\$'000</i></b>
	<hr/>	<hr/>
<b>Authorised:</b>		
Balance as at 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	<u>50,000,000,000</u>	<u>500,000</u>
<b>Issued and fully paid:</b>		
Balance as at 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	<u>1,250,000,000</u>	<u>12,500</u>

#### 15. COMPARATIVE FIGURES

Certain comparative amounts have been reclassified to be consistent with the current's presentation.

## 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 2021, the spread of the novel coronavirus pandemic ("COVID-19") and its variant virus such as Omicron continued to spread around the world and new cases still reporting in various countries. However, with the rolling out of the vaccine, the epidemic has been gradually under control and the global macro-economy is 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 financial year 2021, the sales volume of sleepwear and loungewear products of the Group was approximately 28.3 million pieces, which recorded an increment of approximately 32.7% as compared to the sales volume in 2020.

For the year ended 31 December 2021, the Board proposed a final dividend of HK\$0.059 per share, representing a dividend ratio of approximately 46.6% out of the profit attributable to the owners of the Company. Given the Group continued to record good results in a challenging environment, the Board decided to declare dividend at a relatively high 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 2021, the revenue of the Group recorded approximately HK\$1,181.6 million, representing an increment of approximately 37.8% as compared with the same period of last year. During 2021, the sales volume of sleepwear and loungewear products of the Group was approximately 28.3 million pieces, which recorded an increment of approximately 32.7% as compared to the sales volume for the year 2020. Also, our other business such as selling of greige fabric and provision of processing services recorded a slight increase in contribution in 2021. On the other hand, due to the change of product mix, the average selling price of our sleepwear and loungewear products slightly increased by approximately 2.9% as compared with those in 2020.

#### *Gross profit*

The gross profit of the Group in 2021 was approximately HK\$310.5 million with gross profit margin of approximately 26.3%, while it was approximately HK\$242.1 million in 2020 with margin of approximately 28.2%. As the global shipping arrangements were still under pressure and also the stricter requirements from customers, the cost of raw materials increased throughout the year 2021. Moreover, the increment of sales resulted the increase of engagement of sub-contractors, which in turn incurred a higher cost of production. All these factors resulted in the increment in overall cost of sales and thus the average gross profit margin decrease during this year.

#### *Other income*

For the year ended 31 December 2021, the Group recorded other income of approximately HK\$13.6 million, while it was approximately HK\$6.0 million during the year ended 31 December 2020. The increment was mainly due to the interest and dividend income of approximately HK\$10.1 million contributed from the financial assets invested by the Group for utilizing short-term available fund.

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

For the year ended 31 December 2021, the selling and distribution expenses of the Group were approximately HK\$54.4 million, representing an increase of approximately HK\$5.3 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 4.6%, while it was approximately 5.7% in 2020.

### ***Administrative expenses***

The administrative expenses of the Group for the year ended 31 December 2021 were approximately HK\$64.5 million, with an increment of approximately 20.0% from approximately HK\$53.7 million recorded in 2020. During the current year under review, the Group is continuously expanding its operation scale in order to prepare for further growth in the future. Also, the Group is preparing to develop the production base in Vietnam and Honduras and thus incurred some pre-operating expenses.

### ***Finance costs***

The finance costs of the Group decreased by approximately 7.4% from approximately HK\$5.3 million in 2020 to approximately HK\$4.9 million for the year 2021. The decrease was mainly due to the change of bank loans portfolio during the year 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 49.9% from approximately HK\$105.6 million for the year ended 31 December 2020 to approximately HK\$158.3 million for the year ended 31 December 2021. The increment of net profit was mainly due to the abovementioned increment of revenue.

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

As at 31 December 2021, the trade and other receivables of the Group amounted to approximately HK\$164.5 million, representing an increase of approximately HK\$87.0 million as compared to the balance in 2020. The main reason of such increment is mainly due to the increase of prepayment amounted to approximately HK\$39.6 million, which were mainly paid to raw material suppliers and sub-contractors for the preparation of confirmed sales orders. Also, the prepayments to import-export corporations increased by approximately HK\$11.5 million due to the substantial increment of export sales during the year 2021.

As at 31 December 2021, the trade and other payables of the Group amounted to approximately HK\$184.8 million, representing an increase of approximately HK\$54.3 million as compared to the balance in 2020. The main reason of such increment is mainly due to the increase of business scope during this period, resulting in an increase of approximately HK\$45.2 million in the trade payables.

### **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.

In 2021, the Group has already been in discussion with related Vietnam government authorities about the construction of a production plant in Thua Thien Hue Province, Vietnam. An investment proposal was submitted to the government in February 2022 and is now under review procedures. The project will be divided into 2 phases, and the Group's production capacity will be doubled after completion. It is expected that the new production plant can reduce the outsourcing to sub-contractors, which may result in the reduction of cost and enhancement of quality.

Moreover, our management visited Honduras in 2021 to inspect the possibility of setting up production bases, with an aim to diversify the social, economic and political risks. Also, an American production site may provide us a base to further explore the American markets and reach different customers in the other

side of the world. The preparation works of setting up a Honduras company are underway, and it is expected to commence the establishment of the production site for garment and fabric in a foreseeable future.

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.

In view of the above planning, the Group aims to expand our existing and new markets by utilizing our solid foundation, market analysis, and technical research to place ourselves in a position to capture future opportunities to provide fruitful returns for the Group and all shareholders.

### **Financial Resources and Liquidity**

As at 31 December 2021, the Group had current assets of approximately HK\$593.1 million (31 December 2020: HK\$375.8 million) and current liabilities of approximately HK\$238.3 million (31 December 2020: HK\$145.5 million). The current ratio was 2.49 as at 31 December 2021 as compared with 2.58 as at 31 December 2020.

The Group's cash and bank balances as at 31 December 2021 amounted to approximately HK\$98.5 million (31 December 2020: HK\$85.9 million), of which approximately 94.7% were denominated in United States dollars, Renminbi, Canadian dollars and Cambodian riel, and 5.3% in Hong Kong dollars.

As at 31 December 2021, the Group had outstanding bank loans amounted to approximately HK\$35.5 million (31 December 2020: nil) which were granted by banks in Singapore and PRC, and were denominated in United States Dollars and Renminbi, with interest rates charged by banks ranged from 1.32% to 4.70% per annum in which all were charged at fixed interest rates. The Group pledged assets of the Group with a net book value of HK\$144.7 million (31 December 2020: HK\$173.9 million) for bank loans and unutilized banking facilities.

The gearing ratio of the Group, measured by bank borrowings as a percentage of shareholders' equity, was approximately 6.8% as at 31 December 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 31 December 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.

As at 31 December 2021, the Group invested in 23 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 16 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 2.437% to 7.950%. The principal business activities of these issuers mainly include bank, airline services, construction, property and real estate development in the PRC, etc.. As at 31 December 2021, the total amount of par value of these bonds was approximately USD12.4 million (equivalent to approximately HK\$96.3 million) and the market value was approximately USD11.5 million (equivalent to approximately HK\$89.9 million), and the aggregation of par value of

bond instruments from each issuer represented less than 5% of the total assets of the Group. During the year ended 31 December 2021, the Group recognized realized trading loss of approximately HK\$4.5 million and unrealized loss from mark-to-market fair value adjustments of approximately HK\$8.2 million.

As at 31 December 2021, the Group also subscribed 4 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 (which are independent third parties) with par value ranged from USD0.4 million to USD3.9 million each. As at 31 December 2021, the total amount of par value of these funds was approximately USD4.70 million (equivalent to approximately HK\$36.7 million) and the market value was approximately USD4.70 million (equivalent to approximately HK\$36.7 million), and the aggregation of par value of funds from each issuer represented less than 5% of the total assets of the Group. During the year ended 31 December 2021, the Group recognized unrealized loss from mark-to-market fair value adjustments of approximately HK\$0.03 million.

The management of the Group made risk assessments and set different criteria before making investment in each bond instrument and fund, including (but not limited to) understanding the business nature of each issuer and characteristics of each bond instrument and fund through related product introduction materials, limiting the investment only in products with credit rating equal to or higher than BB-, and all are tradeable in open market in order to maintain high liquidity. We may remain cautious with the volatility in global financial markets due to the geopolitical tensions as well as the fluid outlook of interest rates.

### **Material Acquisitions and Disposals**

The Group did not have material acquisitions and disposals for the year ended 31 December 2021.

### **Significant Investment**

Other than those stated above, the Group did not have other significant investment for the year ended 31 December 2021.

### **Contingent Liabilities**

As at 31 December 2021, the Directors were not aware of any material contingent liabilities.

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

No subsequent events occurred after 31 December 2021 which may have a significant effect on the assets and liabilities of 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 2021.

### **Employees and Remuneration Policy**

As at 31 December 2021, the Group employed about 1,712 staff and workers in Hong Kong, PRC and Cambodia (as at 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.

### **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 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 year ended 31 December 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 year ended 31 December 2021, and no competing business was reported by the Controlling Shareholders throughout the year ended 31 December 2021.

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

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

### **Model Code for Securities Transactions**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules as its own code of conduct for securities transactions by directors. Having made specific enquiry of the Company’s directors, all directors have confirmed their compliance with all the relevant requirements as set out in the Model Code during the year ended 31 December 2021.

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

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

### **Code of Corporate Governance Practices**

The Company has complied with all of the code provisions of the Corporate Governance Code and Corporate Governance Report (the “**Code**”) as set out in Appendix 14 of the Listing Rules during the year ended 31 December 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 considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and chief executive of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

### **Audit Committee**

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

### **Review of Unaudited Annual Results**

Due to the recent COVID-19 outbreak in Hong Kong, the reporting and audit processes of the Group’s financial statements for the year ended 31 December 2021 have been disrupted, and the Company is



unable to publish an audited annual results announcement for the year ended 31 December 2021 by 31 March 2022 in accordance with the Listing Rules. The unaudited results contained herein have not been agreed by the Company's auditors.

The Group's unaudited annual financial results for the year ended 31 December 2021 have been reviewed by the audit committee but have not been reviewed or audited by the independent auditors of the Company.

### **Further Announcement(s)**

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to the audited results for the year ended 31 December 2021 as agreed by the Company's auditors and the material differences (if any) as compared with the unaudited annual results contained herein. In addition, the Company will issue further announcements as and when necessary if there are other material development in the completion of the auditing process.

It is expected that the auditors will conduct the remaining audit process as soon as practicable. The Company expects to publish its annual report on or before 29 April 2022 which allows sufficient time for the Company's auditors to complete the auditing process.

### **Remuneration Committee**

The Company has established the remuneration committee to consider the remuneration of all directors and senior management of the Company. Currently, the remuneration committee is chaired by independent non-executive director Mr. Lui Ho Ming Paul and other members include the executive director Mr. Tam Kwok Pui and the independent non-executive director Mr. Mak King Sau.

### **Nomination Committee**

The Company has established the nomination committee to assist the Board in the overall management of the director nomination practices of the Company. Currently, the nomination committee is chaired by executive director Mr. Tam Kwok Pui and other members include the independent non-executive directors Mr. Woo Chun Fai and Mr. Mak King Sau.

### **Dividend**

The Board recommended the declaration and payment of a final dividend of HK\$0.059 per share (the "**Final Dividend**"), which is subject to, among other things, shareholders' approval at the annual general meeting of the Company, and will be paid to the shareholders of the Company within three months from the approval of the said proposal by the annual general meeting of the Company. A notice convening the annual general meeting will be published and dispatched in the manner as required by the Listing Rules and information regarding the record date and book close date to determine the entitlement to the final dividend will be announced in due course.

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

The annual results announcement will be published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.justinallengroup.com](http://www.justinallengroup.com)) and the Company's 2021 Annual Report will be dispatched to Shareholders 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, 30 March 2022

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