

# i.century Holding Limited 愛世紀集團控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

Stock Code : 8507

INTERIM  
REPORT  
2022



## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this interim report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this interim report.*

*This interim report, for which the directors (the “**Directors**” and each the “**Director**”) of i.century Holding Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”, “**we**”, “**our**” or “**us**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this interim report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this interim report misleading.*

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### *Executive Directors*

Mr. Leung Kwok Hung Wilson  
(*Chairman and Chief Executive Officer*)  
Ms. Tam Shuk Fan

#### *Independent Non-Executive Directors*

Ms. Cheung Wai Man  
Mr. Lau Yau Chuen Louis  
Mr. Lee Kwun Ting

### COMPANY SECRETARY

Mr. Kwok Chi Yin

### COMPLIANCE OFFICER

Mr. Leung Kwok Hung Wilson

### AUTHORISED REPRESENTATIVES

Ms. Tam Shuk Fan  
Mr. Kwok Chi Yin

### AUDIT COMMITTEE

Mr. Lau Yau Chuen Louis (*Chairman*)  
Ms. Cheung Wai Man  
Mr. Lee Kwun Ting

### REMUNERATION COMMITTEE

Mr. Lee Kwun Ting (*Chairman*)  
Ms. Cheung Wai Man  
Mr. Lau Yau Chuen Louis

### NOMINATION COMMITTEE

Mr. Leung Kwok Hung Wilson  
(*Chairman*)  
Ms. Cheung Wai Man  
Mr. Lau Yau Chuen Louis  
Mr. Lee Kwun Ting

### AUDITOR

HLB Hodgson Impey Cheng Limited  
*Certified Public Accountants*  
31/F., Gloucester Tower  
The Landmark  
11 Pedder Street  
Central  
Hong Kong

### REGISTERED OFFICE IN CAYMAN ISLANDS

Cricket Square  
Hutchins Drive  
PO Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

## CORPORATE INFORMATION

**HEADQUARTERS AND  
PRINCIPAL PLACE OF  
BUSINESS IN HONG KONG**

Units 212-215, 2/F.  
Elite Industrial Centre  
No. 883 Cheung Sha Wan Road  
Lai Chi Kok  
Kowloon, Hong Kong

**PRINCIPAL SHARE  
REGISTRAR AND  
TRANSFER OFFICE IN  
CAYMAN ISLANDS**

Conyers Trust Company (Cayman) Limited  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

**HONG KONG BRANCH  
SHARE REGISTRAR  
AND TRANSFER OFFICE**

Link Market Services (Hong Kong) Pty Limited  
Suite 1601, 16/F., Central Tower  
28 Queen's Road Central  
Hong Kong

**PRINCIPAL BANKER**

Bank of China (Hong Kong) Limited  
1 Garden Road  
Hong Kong

**STOCK CODE**

8507

**COMPANY WEBSITE**

[www.icenturyholding.com](http://www.icenturyholding.com)

## FINANCIAL HIGHLIGHTS

- The Group recorded an unaudited revenue of approximately HK\$97.7 million for the six months ended 30 September 2022 (six months ended 30 September 2021: approximately HK\$91.0 million), representing an increase of approximately 7.3% as compared to corresponding period in 2021.
- Profit attributable to the owners of the Company was approximately HK\$5.2 million for the six months ended 30 September 2022 (six months ended 30 September 2021: approximately HK\$0.5 million).
- The Board does not recommend the payment of any dividend for the six months ended 30 September 2022 (six months ended 30 September 2021: nil).

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2022

The board of directors (the “**Board**”) of the Company is pleased to announce the unaudited condensed consolidated financial results of the Group for the three months and six months ended 30 September 2022, together with the comparative unaudited figures for the corresponding period in 2021, are as follows:

	Notes	Three months ended 30 September		Six months ended 30 September	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>Revenue</b>	6	<b>61,430</b>	62,501	<b>97,661</b>	91,036
Cost of sales		<b>(47,735)</b>	(52,147)	<b>(77,220)</b>	(75,386)
<b>Gross profit</b>		<b>13,695</b>	10,354	<b>20,441</b>	15,650
Other income	7	<b>80</b>	27	<b>662</b>	82
Other losses and gains, net	8	<b>(1,198)</b>	(581)	<b>(792)</b>	334
Selling and distribution expenses		<b>(2,458)</b>	(1,830)	<b>(4,886)</b>	(3,720)
Administrative expenses		<b>(5,057)</b>	(5,774)	<b>(10,221)</b>	(11,370)
Finance costs	9	<b>(58)</b>	(296)	<b>(137)</b>	(628)
<b>Profit before tax</b>	10	<b>5,004</b>	1,900	<b>5,067</b>	348
Income tax credit	11	<b>44</b>	43	<b>13</b>	176
<b>Profit for the period</b>		<b>5,048</b>	1,943	<b>5,080</b>	524
<b>Other comprehensive income/(loss)</b>					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences arising on translation of foreign operations		<b>77</b>	1	<b>167</b>	(3)
<b>Total comprehensive income for the period attributable to owners of the Company</b>		<b>5,125</b>	1,944	<b>5,247</b>	521
<b>Earnings per share</b>					
Basic and diluted (HK cents)	13	<b>1.3</b>	0.5	<b>1.3</b>	0.1



# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

	Notes	As at 30 September 2022 HK\$'000 (Unaudited)	As at 31 March 2022 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	14	229	362
Right-of-use assets		303	398
Deposits paid for acquisition of property, plant and equipment		1,007	–
Other receivables	16	491	900
Deferred tax assets		41	28
		<b>2,071</b>	1,688
<b>Current assets</b>			
Inventories		1,512	1,249
Trade receivables	15	31,887	18,864
Deposits paid, prepayments and other receivables	16	14,487	13,061
Amounts due from related companies	17	3,631	2,913
Pledged bank deposits		–	9,000
Bank balances and cash		19,112	27,175
		<b>70,629</b>	72,262
<b>Current liabilities</b>			
Trade payables	18	13,111	2,556
Other payables and accruals		1,315	2,853
Contract liabilities		6,815	14,753
Bank overdrafts	19	–	8,567
Bank borrowings	19	6,584	4,141
Amount due to a related company	17	339	1,300
Lease liabilities		635	1,200
		<b>28,799</b>	35,370
<b>Net current assets</b>		<b>41,830</b>	36,892
<b>Total assets less current liabilities</b>		<b>43,901</b>	38,580



# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

	Notes	As at 30 September 2022 HK\$'000 (Unaudited)	As at 31 March 2022 HK\$'000 (Audited)
<b>Equity attributable to owners of the Company</b>			
Share capital	20	4,000	4,000
Reserves		39,827	34,580
<b>Total equity</b>		<b>43,827</b>	38,580
<b>Non-current liability</b>			
Lease liabilities		74	–
		74	–
		<b>43,901</b>	38,580

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2022

	Attributable to owners of the Company					
	Share capital HK\$'000	Share premium HK\$'000	Contribution reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total equity HK\$'000
At 1 April 2021 (Audited)	4,000	43,238	–*	(12)	(27,843)	19,383
Profit for the period	–	–	–	–	524	524
Other comprehensive loss for the period:						
Exchange differences arising on translation of foreign operations	–	–	–	(3)	–	(3)
Total comprehensive income for the period	–	–	–	(3)	524	521
At 30 September 2021 (Unaudited)	4,000	43,238	–*	(15)	(27,319)	19,904
<b>At 1 April 2022 (Audited)</b>	<b>4,000</b>	<b>43,238</b>	<b>–*</b>	<b>(29)</b>	<b>(8,629)</b>	<b>38,580</b>
<b>Profit for the period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>5,080</b>	<b>5,080</b>
<b>Other comprehensive income for the period:</b>						
<b>Exchange differences arising on translation of foreign operations</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>167</b>	<b>–</b>	<b>167</b>
<b>Total comprehensive income for the period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>167</b>	<b>5,080</b>	<b>5,247</b>
<b>At 30 September 2022 (Unaudited)</b>	<b>4,000</b>	<b>43,238</b>	<b>–*</b>	<b>138</b>	<b>(3,549)</b>	<b>43,827</b>

\* The amount is less than HK\$1,000

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2022

	<b>Six months ended 30 September</b>	
	<b>2022 HK\$'000 (Unaudited)</b>	<b>2021 HK\$'000 (Unaudited)</b>
<b>Operating activities</b>		
Cash (used in)/generated from operating activities	<b>(9,417)</b>	13,350
Income tax refund	–	–
<b>Net cash (used in)/generated from operating activities</b>	<b>(9,417)</b>	13,350
<b>Investing activities</b>		
Interest received	<b>80</b>	41
Purchase of property, plant and equipment	–	(186)
Deposits paid for acquisition of property, plant and equipment	<b>(1,007)</b>	–
Withdrawal of pledged bank deposit	<b>9,000</b>	9,000
<b>Net cash generated from investing activities</b>	<b>8,073</b>	8,855
<b>Financing activities</b>		
Interest paid	<b>(110)</b>	(624)
Proceeds from bank borrowings	<b>3,000</b>	1,000
Repayments of bank borrowings	<b>(557)</b>	(453)
Repayments of lease of liabilities	<b>(659)</b>	(71)
<b>Net cash generated from/(used in) financing activities</b>	<b>1,674</b>	(148)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2022

	Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>Net increase in cash and cash equivalents</b>	<b>330</b>	22,057
Cash and cash equivalents at beginning of the period	<b>18,608</b>	(11,832)
Effect of foreign exchange rate changes	<b>174</b>	(3)
<b>Cash and cash equivalents at the end of the period</b>	<b>19,112</b>	10,222
<b>Analysis of the balances of cash and cash equivalents</b>		
Bank balances and cash	<b>19,112</b>	24,126
Bank overdrafts	–	(13,904)
	<b>19,112</b>	10,222

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability. The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and principal place of business in Hong Kong is Units 212-215, 2/F., Elite Industrial Centre, No. 883 Cheung Sha Wan Road, Lai Chi Kok, Kowloon, Hong Kong. The Company's immediate holding company and ultimate holding company is Giant Treasure Development Limited ("**Giant Treasure**"), a company incorporated in the British Virgin Islands (the "**BVI**") and controlled by Mr. Leung Kwok Hung Wilson ("**Mr. Leung**") and Ms. Tam Shuk Fan ("**Ms. Tam**") (the "**Controlling Shareholders**").

The Company is an investment holding company and its subsidiaries principally engaged in provision of apparel supply chain management ("**SCM**") services.

The shares of the Company (the "**Shares**") have been listed on GEM of the Stock Exchange on 16 April 2018.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollar ("**HK\$**"), which is the functional currency of the Company and its principal subsidiaries and all values are rounded to the nearest thousands (HK\$'000), except when otherwise stated.

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2022 have been prepared in accordance with the Hong Kong Accounting Standard 34, *Interim Financial Reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), the applicable disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622) and the GEM Listing Rules.

The unaudited condensed consolidated financial information for the six months ended 30 September 2022 have been prepared on the historical cost basis.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

### 2. BASIS OF PREPARATION (continued)

The unaudited condensed consolidated financial statements does not include all information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's annual report for the year ended 31 March 2022.

### 3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

During the period, certain new and revised Hong Kong Financial Reporting Standard ("HKFRSs") have been issued. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The Directors considered that the adoption of new and revised HKFRSs which are effective for the accounting period beginning on 1 April 2022 will not have any material impact on the preparation and presentation of the results and financial conditions of the current and previous periods. For the HKFRSs that are not yet effective nor have not been early adopted, the Group is in the process of making an assessment of the potential impact of the newly issued HKFRSs.

### 4. ESTIMATES

The preparation of condensed consolidated financial statements requires management to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other source. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

In preparing this condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2022.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

### 5. SEGMENT INFORMATION

The Group is principally engaged in sales of apparel products with the provision of apparel SCM services to customers.

HKFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision-maker (“**CODM**”) in order to allocate resources to segments and to assess their performance. The information reported to the Directors who are the CODM, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the Directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

#### (a) Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group as follow:

	Three months ended 30 September		Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Customer A	N/A	10,729	N/A	16,297
Customer B	9,473	8,656	13,959	14,340
Customer C	14,346	12,413	14,518	12,413
Customer D	N/A	8,221	N/A	9,494
Customer E	4,319	N/A	9,963	N/A

N/A: The customer contributed less than 10% of the total revenue of the Group.



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

### 5. SEGMENT INFORMATION (continued)

#### (b) Geographical information

The following tables set out information about geographic location of customers is based on the location to which the goods are delivered. The geographic location of non-current assets are based on the physical location of the assets.

#### Revenue from external customers

	Three months ended 30 September		Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
United States of America ("U.S.")	29,317	30,667	43,679	40,799
France	1,746	1,374	2,450	1,456
Other European countries (note i)	14,338	16,056	21,741	27,608
Australia	14,436	12,342	27,028	17,433
Canada	330	369	458	715
Japan	552	842	1,344	1,883
Other location (note ii)	711	851	961	1,142
	<b>61,430</b>	62,501	<b>97,661</b>	91,036

Notes:

- (i) Other European countries include Denmark, Netherlands and United Kingdom.
- (ii) Other locations include New Zealand, South Africa and South Korea.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

### 5. SEGMENT INFORMATION (continued)

#### (b) Geographical information (continued)

##### Non-current assets

	As at 30 September 2022 HK\$'000 (Unaudited)	As at 31 March 2022 HK\$'000 (Audited)
Hong Kong	1,874	1,571
The PRC, excluding Hong Kong	156	56
France	-	33
	<b>2,030</b>	1,660

### 6. REVENUE

Disaggregated of revenue from contracts with customers:

	Three months ended 30 September		Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Sales of goods	61,430	62,501	97,661	91,036

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

### 7. OTHER INCOME

	Three months ended 30 September		Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Government grants	8	–	531	32
Interest income	32	19	80	41
Sundry income	40	8	51	9
	<b>80</b>	27	<b>662</b>	82

### 8. OTHER LOSSES AND GAINS, NET

	Three months ended 30 September		Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Net foreign exchange loss (Impairment loss)/Reversal of impairment loss recognised in respect of trade receivables, net	(500)	(26)	(530)	(35)
Bad debt recovered	83	55	138	166
Reversal of impairment loss/ (Impairment loss) recognised in respect of deposits and other receivables, net	10	25	(60)	(53)
	<b>(1,198)</b>	(581)	<b>(792)</b>	334

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

### 9. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Interest on bank overdrafts	6	265	42	564
Interest on bank borrowings	40	29	68	57
Interest on bills payables	–	–	–	3
Interest on lease liabilities	12	2	27	4
	<b>58</b>	296	<b>137</b>	628

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

### 10. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	Three months ended 30 September		Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Auditors' remuneration	125	120	250	245
Depreciation of property, plant and equipment	65	304	130	638
Depreciation of right-of-use assets	114	34	233	69
Rental expenses in respect of short-term leases	26	276	58	552
Cost of inventories sold	46,388	48,215	74,196	70,183
Staff costs including Directors' remuneration (note)				
– Salaries and wages	4,852	4,795	9,887	9,665
– Staff benefits	33	64	63	93
– Retirement benefit scheme contributions	194	199	395	391
	5,079	5,058	10,345	10,149

Note: Staff costs including Directors' remuneration included in "Selling and distribution expenses" are salaries and wages of approximately HK\$3,379,000 (six months ended 30 September 2021: HK\$3,275,000) are retirement benefit scheme contributions of approximately HK\$243,000 (six months ended 30 September 2021: HK\$222,000).

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

### 11. INCOME TAX CREDIT

	Three months ended 30 September		Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Current tax				
– Hong Kong Profits Tax	-	-	-	-
– Overseas taxation	-	-	-	-
Deferred tax				
– Credit for the period	44	43	13	176
	44	43	13	176

Under the two-tiered profits tax rates regime in Hong Kong, 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%.

Under the Law of the People's Republic of China (the "PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for the six months ended 30 September 2022 and 2021.

Taxation of other overseas subsidiaries is calculated at the applicable rate prevailing in the jurisdictions in which the subsidiary operates.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

### 11. INCOME TAX CREDIT (continued)

No provision for Hong Kong Profits Tax had been made as the Group has sufficient tax losses brought forward to set off the current period's assessable profit.

No provision for PRC Enterprise Income Tax had been made as the Group had no assessable profit for the period ended 30 September 2022.

### 12. DIVIDEND

The Board does not recommend the payment of dividends for the six months ended 30 September 2022 (six months ended 30 September 2021: nil).

### 13. EARNINGS PER SHARE

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

	Three months ended 30 September		Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>Earnings</b>				
Earnings for the purpose of calculating basic earnings per share	5,048	1,943	5,080	524
	Number of Shares			
	'000 (Unaudited)	'000 (Unaudited)	'000 (Unaudited)	'000 (Unaudited)
<b>Number of shares</b>				
Weighted average number of ordinary shares for the purpose of basic earnings per share	400,000	400,000	400,000	400,000



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

### 13. EARNINGS PER SHARE (continued)

No diluted earnings per share was presented as there was no potential dilutive shares outstanding during the three months and six months ended 30 September 2022 and 2021.

### 14. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2022, the Group did not acquire property, plant and equipment (six months ended 30 September 2021: HK\$186,000).

### 15. TRADE RECEIVABLES

	As at 30 September 2022 HK\$'000 (Unaudited)	As at 31 March 2022 HK\$'000 (Audited)
Trade receivables	<b>34,579</b>	21,216
Less: allowance for credit losses	<b>(2,692)</b>	(2,352)
	<b>31,887</b>	18,864

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

### 15. TRADE RECEIVABLES (continued)

The following is an aged analysis of trade receivables, presented based on the invoice dates, which approximates the respective revenue recognition dates and net of allowance for doubtful debts:

	As at 30 September 2022 HK\$'000 (Unaudited)	As at 31 March 2022 HK\$'000 (Audited)
1-30 days	<b>12,297</b>	2,484
31-60 days	<b>8,862</b>	10,522
61-90 days	<b>1,065</b>	2,392
Over 90 days	<b>9,663</b>	3,466
	<b>31,887</b>	18,864

The Group has implemented a credit policy for its trade customer and credit terms given vary according to the length of business relationship with the customers, reputation and payment history.

The Group allows credit period up to 90 days (31 March 2022: 90 days) to its customers.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2022*

### 16. DEPOSITS PAID, PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 September 2022 HK\$'000 (Unaudited)	As at 31 March 2022 HK\$'000 (Audited)
Trade deposits paid (note (i))	12,222	11,641
Prepayment	936	254
Other deposit paid	231	248
Other receivables (note (ii))	1,589	1,818
	<b>14,978</b>	13,961
Less: Other receivables classified as non-current assets (note (ii))	<b>(491)</b>	(900)
	<b>14,487</b>	13,061

Notes:

- (i) As at 30 September 2022, amount of approximately HK\$1,330,000 included in trade deposit paid was paid to a company controlled by Mr. Chan Chi Kwong Dickson, the key management personnel of the Group.
- (ii) As at 30 September 2022, amount of approximately HK\$1,347,000 (31 March 2022: HK\$1,730,000) represented receivables from a third party which carries interest of 10.53% (31 March 2022: 10.53%) and repayable in 14 months (31 March 2022: 19 months).

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

### 17. AMOUNTS DUE FROM/(TO) RELATED COMPANIES

Amounts due from/(to) related companies are unsecured, interest free and repayable on demand.

During the period ended 30 September 2022, the maximum amounts due from related companies are approximately HK\$3,631,000 (31 March 2022: HK\$2,913,000).

### 18. TRADE PAYABLES

The following is ageing analysis of trade payables, based on the invoice dates:

	As at 30 September 2022 HK\$'000 (Unaudited)	As at 31 March 2022 HK\$'000 (Audited)
0-30 days	6,742	886
31-60 days	2,473	963
61-90 days	2,108	160
Over 90 days	1,788	547
	<b>13,111</b>	2,556

The trade payables are non interest-bearing and are generally settled on 30 days terms.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

### 19. BANK OVERDRAFTS AND BANK BORROWINGS

	As at 30 September 2022 HK\$'000 (Unaudited)	As at 31 March 2022 HK\$'000 (Audited)
Within one year	1,311	9,589
Within a period of more than one year but not exceeding two years	1,350	1,050
Within a period of more than two years but not exceeding five years	2,105	1,701
Within a period of more than five years	1,818	368
	<b>6,584</b>	12,708
Less: Amounts classified as current liabilities – secured and guaranteed borrowings due within one year or contain a repayment on demand clause	<b>(6,584)</b>	(12,708)
Amounts classified as non-current liabilities	–	–

All the Group's bank overdrafts and bank borrowings are with floating interest rates. The effective interest rates on the Group's bank overdrafts and bank borrowings range from 2.75% to 5.88% at 30 September 2022 (31 March 2022: 2.75% to 6.00%).

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

### 20. SHARE CAPITAL

	Number of shares '000	Carrying amount HK'000
Ordinary shares of HK\$0.01 each		
<b>Authorised:</b>		
At 31 March 2022 (audited) and 30 September 2022 (unaudited)	10,000,000	100,000
<b>Issued and fully paid:</b>		
At 31 March 2022 (audited) and 30 September 2022 (unaudited)	400,000	4,000

### 21. CONTINGENT LIABILITIES

At 30 September 2022, the Group did not have any contingent liabilities.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

### 22. CAPITAL COMMITMENTS

	As at 30 September 2022 HK\$'000 (Unaudited)	As at 31 March 2022 HK\$'000 (Audited)
Capital expenditure in respect of property, plant and equipment contracted for but not provided for in the unaudited condensed consolidated financial statements	14,307	–

On 16 September 2022, an indirect wholly-owned subsidiary of the Company, Majestic City Global Limited (“**Purchaser**”) entered into the agreement for sale and purchase with an independent third party, CSW 1018 Company Limited (“**Vendor**”), pursuant to which the Purchaser has agreed to acquire, and the Vendor has agreed to sell a property located at Workshop 7, 6/F., Orient International Tower, No. 1018 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong (the “**Property**”) at a consideration of HK\$14,749,000. The Company would apply approximately HK\$9,684,000 for the partial settlement of the consideration. The sum of approximately HK\$9,684,000 is part of the net proceeds from the listing of shares by the Company on GEM of the Stock Exchange by way of share offer on 16 April 2018. The balance of consideration will be settled by way of internal resource and/or mortgage loan. The purchase of the Property will be completed on or before 28 February 2023. For details, please refer to the Company’s announcement dated 16 September 2022.



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

### 23. MATERIAL RELATED PARTY TRANSACTIONS

#### (a) Related party transactions

Save as disclosed elsewhere in the unaudited condensed consolidated financial statements, the Group entered into the following material related party transactions during the periods:

	Three months ended 30 September		Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Rental expense to Joint Linker Investment Limited (note (i))	-	123	-	246
Rental expense to Turbo Profit Investment Limited (note (i))	-	103	-	207
Handling expenses to Rich Charm Corporation Limited (note (ii))	457	258	680	258
Handling expenses to Joyful Harvest Corporation Limited (note (ii))	-	5	167	5

Notes:

- (i) The related companies are controlled by Mr. Leung and Ms. Tam, who are the controlling shareholders and executive directors of the Company.
- (ii) The related companies are controlled by Ms. Tam Suk Ching, a close family member of Ms. Tam.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

### 23. MATERIAL RELATED PARTY TRANSACTIONS (continued)

#### (b) Key management personnel compensation

	Three months ended 30 September		Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Short term employee benefits	2,466	2,486	4,985	5,076
Post-employment benefits	32	37	63	77
	2,498	2,523	5,048	5,153

#### (c) Outstanding balances with related companies

Details of the balances with related companies are disclosed in note 17 to the unaudited condensed consolidated financial statements.

# MANAGEMENT DISCUSSION AND ANALYSIS

## INTRODUCTION

The Group is an apparel SCM services provider and its services range from product development, sourcing and procurement of raw materials, production management and quality control to logistics arrangement. The Group's major customers comprise of apparel retail brands based predominately in the U.S., Europe and Australia, the products of which are marketed and sold under their own brands. The styles and functions of the products for the Group's key customers are generally casual lifestyle for the general consumers and outdoor performance for outdoor activities.

All the Group's products are manufactured in accordance with the specifications and requirements provided by the Group's customers. The Group proposes suggestions to the Group's customers regarding design and specifications such as choices of raw materials, styling and pattern in order to meet the brand requirements and budgets.

The Group's products were manufactured by our manufacturer suppliers or other manufacturers engaged by our trading company suppliers, which are located in the PRC.

## BUSINESS REVIEW

The Group recorded revenue of approximately HK\$97.7 million for the six months ended 30 September 2022, representing an increase of approximately 7.3% as compared to the amount of approximately HK\$91.0 million for the six months ended 30 September 2021.

The Group's gross profit increased from approximately HK\$15.7 million for the six months ended 30 September 2021 to approximately HK\$20.4 million for the six months ended 30 September 2022. The overall gross profit margin decreased from 17.2% for the six months ended 30 September 2021 to approximately 20.9% for the six months ended 30 September 2022. The increase in revenue and gross profit was mainly due to the increase in average selling price per product.

The Group's total comprehensive income attributable to owners of the Company increased from approximately HK\$0.5 million for the six month ended 30 September 2021 to approximately HK\$5.1 million for the six months ended 30 September 2022. The increase was attribute to the increase in the Group's revenue and gross profit margin due to increase in average selling price per product.

## MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

*Revenue*

The Group's revenue was mainly derived from the sales of its key apparel products, such as jackets, woven shirts, pullovers, pants, shorts, T-shirts and other products, including dress, top and accessories, such as face mask and bags, through the provision of apparel SCM services to our customers. For the six months ended 30 September 2022, the Group recorded an unaudited revenue of approximately HK\$97.7 million, representing an increase of approximately 7.3% comparing with that of approximately HK\$91.0 million for the six months ended 30 September 2021. The significant increase in revenue was mainly due to increase in average selling price per product.

The following table sets out a breakdown of the Group's unaudited revenue by product categories for the six months ended 30 September 2022 and 2021:

Product category	Six months ended 30 September			
	2022		2021	
	HK\$'000 (Unaudited)	% (Unaudited)	HK\$'000 (Unaudited)	% (Unaudited)
Jackets	24,297	24.9	25,409	27.9
Woven shirts	14,399	14.7	9,623	10.6
Pullovers	16,752	17.2	23,853	26.2
Pants and shorts	23,368	23.9	15,500	17.0
T-shirts	8,453	8.7	10,201	11.2
Other products (note)	10,392	10.6	6,450	7.1
	97,661	100.0	91,036	100.0

Note: Other products include, for example, dress, top and accessories such as face mask and bags.

## MANAGEMENT DISCUSSION AND ANALYSIS

During the six months ended 30 September 2022, the sales volume of the Group amounted to 839,745 units of finished products as compared to 852,856 units for the six months ended 30 September 2021. Set out below are the total sales quantities of each product category for each of the six months ended 30 September 2022 and 2021:

Product category	Six months ended 30 September			
	2022		2021	
	Unit sold (Unaudited)	% (Unaudited)	Unit sold (Unaudited)	% (Unaudited)
Jackets	143,000	17.0	136,147	16.0
Woven shirts	103,624	12.3	86,909	10.2
Pullovers	135,600	16.1	239,705	28.1
Pants and shorts	208,554	24.9	160,767	18.9
T-shirts	113,902	13.6	157,275	18.4
Other products (note)	135,065	16.1	72,053	8.4
	<b>839,745</b>	<b>100.0</b>	852,856	100.0

Note: Other products include, for example, dress, top and accessories such as face mask and bags.

## MANAGEMENT DISCUSSION AND ANALYSIS

The selling price of each of the product categories depends primarily on, among other things, purchase cost, our expected profit margin as well as overhead expenses. Accordingly, the selling price of our products may differ considerably in different purchase orders by different customers. Set out below is the average selling price per unit of finished product sold to our customers for each product category for the six months ended 30 September 2022 and 2021:

Product category	Six months ended 30 September		
	2022 Average selling price (Note 1) HK\$ (Unaudited)	2021 Average selling price (Note 1) HK\$ (Unaudited)	Rate of change % (Unaudited)
Jackets	<b>169.9</b>	186.6	(9.0)
Woven shirts	<b>139.0</b>	110.7	25.5
Pullovers	<b>123.5</b>	99.5	24.1
Pants and shorts	<b>112.0</b>	96.4	16.2
T-shirts	<b>74.2</b>	64.9	14.4
Other products (note 2)	<b>76.9</b>	89.6	(14.0)
Overall	<b>116.3</b>	106.7	9.0

Notes:

1. The average selling price represents the revenue for the period divided by the total sales quantities for the period.
2. Other products include, for example dress, top and accessories such as face mask and bags.

## MANAGEMENT DISCUSSION AND ANALYSIS

### *Cost of sales*

Cost of sales primarily consists of cost of goods sold, raw materials and consumable goods, freight and transportation, laboratory test and inspection fee, declaration and license charges and other charges. The Group's cost of sales increased from approximately HK\$75.4 million for the six months ended 30 September 2021 to approximately HK\$77.2 million for the six months ended 30 September 2022.

### *Gross profit and gross profit margin*

The Group's gross profit increase by approximately 30.6% from approximately HK\$15.7 million for the six months ended 30 September 2021 to approximately HK\$20.4 million for the six months ended 30 September 2022. The Group's gross profit margin increased from approximately 17.2% for the six months ended 30 September 2021 to approximately 20.9% for the six months ended 30 September 2022. The increase in the gross profit margin was mainly attributable to the increase in average selling price per product.

### *Other income*

Other income mainly consists of (i) bank interest income, (ii) sundry income and (iii) government grants. The Group's other income increased from approximately HK\$82,000 for the six months ended 30 September 2021 to approximately HK\$662,000 for the six months ended 30 September 2022. Such increase was mainly attributable to the government grants in relation to wages subsidies under the Employment Support Scheme provided by the Government of the Hong Kong Special Administrator Region of approximately HK\$520,000.

### *Other losses and gains, net*

Other losses and gains consist of (i) net foreign exchange loss, (ii) impairment loss/reversal of impairment loss recognised in respect of trade receivables and (iii) bad debts recovered. The Group's recorded other losses to approximately HK\$0.8 million for the six months ended 30 September 2022 as compared with other gains of approximately HK\$0.3 million for the six months ended 30 September 2021. Such losses was mainly due to net foreign exchange loss and impairment loss/reversal of impairment loss recognised in respect of trade receivables.

## MANAGEMENT DISCUSSION AND ANALYSIS

### *Selling and distribution expenses*

Selling and distribution expenses mainly consist of (i) marketing expenses and (ii) salaries and mandatory provident fund for merchandising staff. Selling and distribution expenses increased by approximately 31.3% from approximately HK\$3.7 million for the six months ended 30 September 2021 to approximately HK\$4.9 million for the six months ended 30 September 2022. The net increase in the selling and distribution expenses was mainly attributable to the increase in marketing expenses.

### *Administrative expenses*

Administrative expenses primarily comprise of (i) Director's remuneration; (ii) staff costs and benefits for general and administrative staff; (iii) legal and professional fee, accountancy fee and compliance costs; (iv) depreciation of property, plant and equipment; (v) entertainment expenses; and (vi) lease expenses (including rental expenses and depreciation of right-of-use assets).

Administrative expenses decreased to approximately HK\$10.2 million for the six months ended 30 September 2022 from approximately HK\$11.4 million for the six months ended 30 September 2021, representing a decrease of approximately 10.1%. Such decrease was mainly attributable to the decrease in depreciation of property, plant and equipment in relation to disposal of property, plant and equipment in the year ended 31 March 2022 and decrease in lease payments.

### *Finance costs*

Finance costs mainly consist of (i) bank overdrafts, (ii) bank borrowings and (iii) lease liabilities.

The Group's finance costs decreased by approximately 78.1%, from approximately HK\$0.6 million for the six months ended 30 September 2021 to approximately HK\$0.1 million for the six months ended 30 September 2022. The decrease was mainly due to the decrease in bank borrowings taken out by the Group to finance daily operations.



## MANAGEMENT DISCUSSION AND ANALYSIS

### *Income tax credit*

Income tax credit of the Group decreased from approximately HK\$176,000 for the six months ended 30 September 2021 to approximately HK\$13,000 for the six months ended 30 September 2022. The decrease in income tax credit mainly derived from unwinding of deferred tax liabilities arising from the disposal of property, plant and equipment in the year ended 31 March 2022.

### *Total comprehensive income attributable to owners of the Company*

Total comprehensive income for the period was approximately HK\$5.2 million for the six months ended 30 September 2022, as compared to approximately HK\$0.5 million for the six months ended 30 September 2021. Such increase was mainly attributable to the increase in revenue and gross profit margin due to increase in average selling price per product during the six months ended 30 September 2022 when comparing with that of the same period in previous period.

## **DIVIDEND**

The Directors do not recommend the payment of dividend for the six months ended 30 September 2022 (six months ended 30 September 2021: nil).

## **LIQUIDITY AND FINANCIAL RESOURCES**

During the six months ended 30 September 2022, the Group's operations were mainly financed through internally generated cash flows, borrowings from banks and net proceeds raised from the Listing Date. As at 30 September 2022 and 31 March 2022, the Group had net current assets of approximately HK\$41.8 million and HK\$36.9 million respectively, including cash and cash equivalent of approximately HK\$19.1 million and HK\$27.2 million and pledged bank deposits of HK\$nil and HK\$9.0 million, respectively. The Group's current ratio were approximately 2.5 times as at 30 September 2022 and approximately 2.0 times as at 31 March 2022, respectively.

The Directors are of the view that at the date hereof, the Group's financial resources are sufficient to support its business and operations.

## MANAGEMENT DISCUSSION AND ANALYSIS

### GEARING RATIO

The gearing ratio, which is calculated based on the total debts (include lease liabilities, bank overdrafts and bank borrowings) divided by total equity. As at 30 September 2022 and 31 March 2022, the Group's gearing ratio was approximately 16.6% and 36.1%, respectively.

### PRINCIPAL RISKS AND UNCERTAINTIES

The Group's key risk exposure and summarised as follow:

- (i) the Group is exposed to credit risks of our customers;
- (ii) the Group relies on several major customers and does not enter into long-term contracts with the customers. Any disruption in the business relationships with the Group's major customers may materially and adversely affect the business, prospects, financial condition and results of operations;
- (iii) the Group is subject to intense competition from competitors engaging South and Southeast Asian manufacturers, and if the Group fails to compete successfully against the competitors, the profitability and financial performance may be adversely affected;
- (iv) risks relating to the Group's business operations involving the U.S., French and Australia customers;
- (v) the Group is dependent on third parties for the production of apparel products, any disruption in the relationships with our suppliers or their operations could adversely affect our business;
- (vi) most of our suppliers are located in the PRC and any major adverse changes to the economic, political and social conditions of the PRC may adversely affect our business and results of operations;

## MANAGEMENT DISCUSSION AND ANALYSIS

- (vii) most of the Group's products sold to U.S. are manufactured in the PRC, such that the PRC-U.S. trade dispute may have a material and adverse effect on our business, financial conditions and results of operations;
- (viii) any failure to maintain an effective quality control system will have a material and adverse effect on our business, financial conditions and results of operations; and
- (ix) the outbreak of COVID-19 may bring adverse impact on our business operations involving in the U.S., French and Australia customers.

For other risks and uncertainties facing the Group, please refer to the section headed "Risk Factors" in the prospectus of the Company dated 29 March 2018 (the "**Prospectus**").

### TREASURY POLICIES

The Group adopts a prudent financial management approach towards its treasury policy and thus maintained a healthy liquidity position throughout the reporting period. The management of the Group regularly reviews the recoverable amount of trade receivables by performing ongoing credit assessments and monitoring prompt recovery and if necessary to make adequate impairment losses for irrecoverable amounts. In order to achieve better cost control and minimize the cost of funds, the Group's treasury activities are centralized and cash is generally deposited with leading licensed banks in Hong Kong and denominated in Hong Kong dollars.

### CAPITAL STRUCTURE

Since the Listing Date, there has been no change in the capital structure of the Company. The share capital of the Group only comprises ordinary shares.

As at 30 September 2022, the Company's issued share capital was HK\$4,000,000 and the number of its issued ordinary shares was 400,000,000 of HK\$0.01 each.

## MANAGEMENT DISCUSSION AND ANALYSIS

### PLEDGE OF ASSETS

As at 31 March 2022, a property owned by a related company and bank deposits of approximately HK\$9.0 million was pledged to secure a bank loan and all the pledged securities were released as at 30 September 2022.

Save as disclosed above, the Group did not pledge any assets as securities as at 30 September 2022.

### CAPITAL COMMITMENTS

Details of the capital commitments of the Group are set out in note 22 to the unaudited condensed consolidated financial statements.

### FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in note 22 to the unaudited condensed consolidated financial statement and section headed “use of proceeds” of this interim report, the Group did not have other plans for material investments and capital assets as at 30 September 2022.

### MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

As at 30 September 2022, the Group did not have any material acquisition nor disposals of subsidiaries and affiliated companies.

### CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 30 September 2022 (31 March 2022: nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### FOREIGN EXCHANGE EXPOSURE

The Group operates in Hong Kong with majority of the transactions being settled in Hong Kong dollars (“**HK\$**”), United States dollars (“**US\$**”) and Renminbi (“**RMB**”). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, which are denominated in a currency that is not the functional currency of the Group.

The Group is not exposed to foreign exchange risk in respect of HK\$ against the US\$ as long as they are pegged.

The Group currently does not have a foreign currency hedging policy in respect of assets and liabilities denominated in foreign currency. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign exchange exposure, if necessary.

### EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2022, the Group employed a total of 46 full-time employees (30 September 2021: 47). The Group’s staff costs mainly included Directors’ remuneration, salaries, other staff benefits and contributions to retirement schemes. For the six months ended 30 September 2022 and 2021, the Group’s total staff costs (including Directors’ remuneration) amounted to approximately HK\$10.3 million (30 September 2021: approximately HK\$10.1 million). Remuneration is determined with reference to the prevailing market terms and the performance, qualification, experience, position and seniority of individual employee.

The remuneration committee will also review and determine the remuneration and compensation packages of the Directors with reference to their experience, responsibilities, workload, time devoted to the Group and performance of the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FUTURE PROSPECTS

The persistent high inflation affects the global economy and slows down recovery from the pandemic outbreak. Many overseas governments also adopt extreme fiscal policies that would dent consumption demand. Most of our brand customers were conservative on procurements accordingly. The Group expects it would be a harsh operating environment in the coming six months.

The Group will continue in developing its capability in apparel with sustainability concept and for outdoor activities. Moreover, for better utilizing its resources, the Group will explore more high value customers at the expense of low margin sales. The Group would deploy resources to develop new income streams such as own brand building, online sales platform, etc. for enhancing long term opportunities.

### USE OF PROCEEDS

The actual amount of the net proceeds from the Share Offer (after deducting underwriting commission and other relevant expenses) was approximately HK\$31.0 million (the “**Net Proceeds**”).

The change of use of the Net Proceeds was approved by the Board on 8 February 2021 and further change in use of Net Proceeds was approved by the Board on 24 June 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS

An analysis of the utilisation of the Net Proceeds as at 30 September 2022 are as set out below:

Intend use of Net Proceeds	Planned use of Net Proceeds as stated in the Prospectus (adjusted on a pro rata basis based on the actual net proceeds)	Planned use of Net Proceeds as stated in the Prospectus (adjusted on a pro rata basis based on the actual net proceeds and subsequently adjusted according to the Announcements)	Actual usage of net proceeds up to 30 September 2022	Unutilised net proceeds as at 30 September 2022	Expected timeline for intended use
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Setting up representative offices in the U.S. and France	20,257	6,023	6,023	–	–
Establishing a quality control office in the PRC	4,679	4,679	4,679	–	–
Repaying bank borrowings	4,144	4,144	4,144	–	–
General working capital	1,900	1,900	1,900	–	–
Expansion of existing representative office in Melbourne, Australia	–	4,000	3,378	622	By the end of 31 March 2023
Setting up representative office in France	–	550	268	282	By the end of 31 March 2023
Acquisition of new property for office premises in Hong Kong	–	9,684	1,007	8,677	By the end of 31 March 2023
	30,980	30,980	21,399	9,581	

Note: The unutilised Net Proceeds are deposited in a licensed bank in Hong Kong.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

## INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

As at 30 September 2022, the interests and short positions of each of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”), which were required to be notified to the Company and the Stock Exchange (a) pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions in which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein (the “Register”); or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange were as follows:

### *Long position in the shares of the Company*

Name of Director	Capacity/ nature of interest	Number of interested shares	Approximate percentage of the Company's issued share capital
Mr. Leung	Interest in a controlled corporation	280,000,000	70%
Ms. Tam	Interest in a controlled corporation	280,000,000	70%

Note: Such 280,000,000 shares are registered in the name of Giant Treasure, a company beneficially owned as to 50% by Mr. Leung and 50% by Ms. Tam. Mr. Leung and Ms. Tam are husband and wife. Therefore, each of Mr. Leung and Ms. Tam is deemed to be interested in all the shares held by Giant Treasure under the SFO.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above and so far as is known to the Directors, as at 30 September 2022, none of the Directors nor chief executive of the Company had or was deemed to have any other interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Exchange pursuant to the required standards of dealing by directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

## INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES, UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

So far as the Directors are aware, as at 30 September 2022, other than the Directors and chief executive of the Company, the following persons/entities have an interest or a short position in the shares or the underlying shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the issued voting shares of the Company:

### *Long positions in the shares of the Company*

<b>Name of Shareholder</b>	<b>Capacity/ Nature of interest</b>	<b>Number of shares held</b>	<b>Approximate percentage in the shareholding</b>
Giant Treasure	Beneficial owner	280,000,000 (Note)	70%

Note: Such 280,000,000 shares are registered in the name of Giant Treasure a Company beneficially owned as to 50% by Mr. Leung and 50% by Ms. Tam. Mr Leung and Ms. Tam are husband and wife. Therefore, each of Mr. Leung and Ms. Tam is deemed to be interested in all the Shares held by Giant Treasure under the SFO.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, as at 30 September 2022, the Company had not been notified by any persons/entities (other than Directors or chief executive of the Company) who has interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the issued voting shares of the Company.

### **DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES**

Save as disclosed in this interim report, at no time during the six months ended 30 September 2022 was the Company or any of its subsidiaries or fellow subsidiaries a party to an arrangement that would enable the Directors or their close associates to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the six months ended 30 September 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### COMPETING INTEREST

For the period ended 30 September 2022, the Directors were not aware of any business or interest of the Directors, the controlling shareholders, and their respective close associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

A deed of non-competition dated 20 March 2018 was entered into by the controlling shareholders in favour of the Company (for itself and as trustee for its subsidiaries), details of which are set out in the section headed "Relationship with Controlling Shareholders" of the Prospectus.

### DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "**Model Code**"). The Company had also made specific enquiries to all the Directors and the Company was not aware of any non-compliance with the Model Code by the Directors during the six months ended 30 September 2022 and up to the date of this interim report.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

## COMPLIANCE WITH CORPORATE GOVERNANCE PRACTICES

The Board has adopted and complied with the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 15 to the GEM Listing Rules. In the opinion of the Board, the Company had complied with all the provisions of the CG Code up to the date of this interim report, except the deviation from provision A.2.1 of the CG Code.

Provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Leung is the chairman and the chief executive officer of the Company. Considering that Mr. Leung has been operating and managing the Group since 2008, the Board believes that Mr. Leung would provide a strong and consistent leadership to the Group. Therefore, the Board considers that the deviation from provision A.2.1 of the CG Code is appropriate in such circumstance.

## EVENT AFTER THE REPORTING PERIOD

There is no significant event subsequent to 30 September 2022 which would materially affect the Group’s operating and financial performance.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

**AUDIT COMMITTEE**

The Company has established the audit committee (the “**Audit Committee**”) with written terms of reference which are no less exacting terms than those set out in the CG Code and Corporate Governance Report contained in Appendix 15 of the GEM Listing Rules. Currently, the Audit Committee consists of three independent non-executive Directors, namely Ms. Cheung Wai Man, Mr. Lau Yau Chuen Louis and Mr. Lee Kwun Ting, and Mr. Lau Yau Chuen Louis has been appointed as the chairman of the Audit Committee and is the independent non-executive Director with the appropriate professional qualifications.

The Audit Committee had reviewed this interim report and the unaudited condensed consolidated results of the Company for the six months ended 30 September 2022, and is of the opinion that such results complied with the applicable accounting standards and the requirements under the GEM Listing Rules, and that adequate disclosure have been made.

By Order of the Board

**i.century Holding Limited**

**Leung Kwok Hung Wilson**

*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 11 November 2022

*As at the date of this interim report, the executive Directors are Mr. Leung Kwok Hung Wilson and Ms. Tam Shuk Fan and the independent non-executive Directors are Ms. Cheung Wai Man, Mr. Lau Yau Chuen Louis and Mr. Lee Kwun Ting.*