

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

THIRD
QUARTERLY
REPORT
2022



century

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*This quarterly 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 quarterly 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 quarterly 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

AUDITORS

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

FINANCIAL HIGHLIGHTS

- The Group recorded an unaudited revenue of approximately HK\$122.1 million for the nine months ended 31 December 2022 (nine months ended 31 December 2021: approximately HK\$125.4 million), representing a decrease of approximately 2.6% as compared to corresponding period in 2021.
- Excluding the gain from disposal of property, the profit attributable to owners of the Company for the nine months ended 31 December 2022 rose to HK\$5.1 million, an increase of 137.4% as compared to HK\$2.1 million for the nine months ended 31 December 2021.
- The Board does not recommend the payment of any dividend for the nine months ended 31 December 2022 (nine months ended 31 December 2021: nil).

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

For the three months and nine months ended 31 December 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 nine months ended 31 December 2022, together with the comparative unaudited figures for the corresponding period in 2021, are as follows:

	Note	Three months ended 31 December		Nine months ended 31 December	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	4	24,426	34,368	122,087	125,404
Cost of sales		(18,221)	(25,314)	(95,441)	(100,700)
Gross profit		6,205	9,054	26,646	24,704
Other income	5	282	38	944	120
Other gains and losses, net	6	1,118	14,902	326	15,236
Selling and distribution expenses		(2,326)	(1,942)	(7,212)	(5,662)
Administrative expenses		(5,222)	(4,734)	(15,443)	(16,104)
Finance costs	7	(58)	(336)	(195)	(964)
(Loss)/Profit before tax	8	(1)	16,982	5,066	17,330
Income tax (expense)/credit	9	(33)	149	(20)	325
(Loss)/Profit for the period		(34)	17,131	5,046	17,655
Other comprehensive (loss)/income					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences arising on translation of foreign operations		(136)	–	31	(3)
Total comprehensive (loss)/income for the period attributable to owners of the Company		(170)	17,131	5,077	17,652
(Loss)/Earnings per share					
Basic and diluted (HK cents)	11	(0.1)	4.3	1.3	4.4

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 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	–	–	–	–	17,655	17,655
Other comprehensive loss for the period:						
Exchange differences arising on translation of foreign operations	–	–	–	(3)	–	(3)
Total comprehensive income for the period	–	–	–	(3)	17,655	17,652
At 31 December 2021 (Unaudited)	4,000	43,238	–*	(15)	(10,188)	37,035
At 1 April 2022 (Audited)	4,000	43,238	–*	(29)	(8,629)	38,580
Profit for the period	–	–	–	–	5,046	5,046
Other comprehensive income for the period:						
Exchange differences arising on translation of foreign operations	–	–	–	31	–	31
Total comprehensive income for the period	–	–	–	31	5,046	5,077
At 31 December 2022 (Unaudited)	4,000	43,238	–*	2	(3,583)	43,657

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 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 statement 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 nine months ended 31 December 2022 have been prepared in accordance with all the applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (hereafter collectively referred to as the "**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accounts ("**HKICPA**"), the applicable disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622) and the GEM Listing Rules, unless otherwise stated.

The unaudited condensed consolidated financial statements for the nine months ended 31 December 2022 have been prepared on the historical cost basis.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 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 HKFRSs have been issued. 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. REVENUE AND SEGMENT INFORMATION

(a) *Disaggregation of revenue from contracts with customers:*

	Three months ended 31 December		Nine months ended 31 December	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Sales of good	24,426	34,368	122,087	125,404

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2022

4. REVENUE AND SEGMENT INFORMATION (continued)

(b) Segment information

The Group has one reportable segment which is the provision of SCM services to the Group's customers. Information reported to the directors who are the chief operating decision-makers, for the purpose of resources allocation and assessment of the Group's 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.

Information about major customers

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

	Three months ended 31 December		Nine months ended 31 December	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Customer A	7,518	6,329	21,477	20,669
Customer B	N/A	3,171	N/A	19,468
Customer C	N/A	5,625	N/A	15,119
Customer D	–	N/A	14,518	N/A
Customer E	2,510	N/A	12,473	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 nine months ended 31 December 2022

4. REVENUE AND SEGMENT INFORMATION (continued)

(b) Segment information (continued)

Geographical information

The followings table set out information about geographic location of customers is based on the location to which the goods are delivered:

	Three months ended 31 December		Nine months ended 31 December	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
United States of America ("U.S.")	6,217	14,893	49,896	55,692
France	129	248	2,579	1,704
Other European countries (note i)	8,031	8,869	29,772	36,477
Australia	8,904	9,287	35,932	26,720
Canada	66	181	524	896
Japan	209	172	1,553	2,055
Other location (note ii)	870	718	1,831	1,860
	24,426	34,368	122,087	125,404

Notes:

- (i) Other European countries include 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 nine months ended 31 December 2022

5. OTHER INCOME

	Three months ended 31 December		Nine months ended 31 December	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Government grants	259	16	790	48
Interest income	41	1	121	42
Sundry income	(18)	21	33	30
	282	38	944	120

6. OTHER GAINS AND LOSSES, NET

	Three months ended 31 December		Nine months ended 31 December	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Gain on disposal of property	–	15,513	–	15,513
Net foreign exchange gain/(loss)	277	10	(253)	(25)
Reversal of impairment loss/ (Impairment loss) recognised in respect of trade receivables, net	529	(772)	189	(516)
Bad debt recovered	110	109	248	275
Reversal of impairment loss/(impairment loss) recognised in respect of deposits and other receivables, net	202	42	142	(11)
	1,118	14,902	326	15,236

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2022

7. FINANCE COSTS

	Three months ended 31 December		Nine months ended 31 December	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Interest on bank overdrafts	-	32	42	596
Interest on bank borrowings	49	31	117	88
Interest on loans from related related company	-	250	-	250
Interest on bills payables	-	-	-	3
Interest on lease liabilities	9	23	36	27
	58	336	195	964

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2022

8. (LOSS)/PROFIT BEFORE TAX

(Loss)/Profit before tax has been arrived at after charging:

	Three months ended 31 December		Nine months ended 31 December	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Auditors' remuneration	140	183	390	428
Depreciation of property, plant and equipment	89	289	219	927
Depreciation of right-of-use assets	99	322	332	391
Rental expenses in respect of short-term leases	81	65	139	617
Cost of inventories sold	18,335	25,094	92,531	95,277
Staff costs including Directors' remuneration (note)				
– Salaries and wages	5,050	4,675	14,937	14,340
– Staff benefits	14	92	77	185
– Retirement benefit scheme contributions	222	171	617	562
	5,286	4,938	15,631	15,087

Note: Staff costs including Directors' remuneration included in "Selling and distribution expenses" are salaries and wages of approximately HK\$5,153,000 (nine months ended 31 December 2021: HK\$4,849,000) are retirement benefit scheme contributions of approximately HK\$378,000 (nine months ended 31 December 2021: HK\$315,000).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2022

9. INCOME TAX (EXPENSE)/CREDIT

	Three months ended 31 December		Nine months ended 31 December	
	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	(33)	149	(20)	325
	(33)	149	(20)	325

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% (2021: 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 nine months ended 31 December 2022 and 2021.

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

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 31 December 2022.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2022

10. DIVIDEND

The Board does not recommend the payment of dividend for the nine months ended 31 December 2022 and 2021.

11. (LOSS)/EARNINGS PER SHARE

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

	Three months ended 31 December		Nine months ended 31 December	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
(Loss)/Profit (Loss)/Profit for the purpose of calculating basic (loss)/earnings per share	(34)	17,131	5,046	17,655

	Number of Shares			
	'000 (Unaudited)	'000 (Unaudited)	'000 (Unaudited)	'000 (Unaudited)
Weighted average number of ordinary shares for the purpose of basic (loss)/ earnings per share	400,000	400,000	400,000	400,000

No diluted (loss)/earnings per share was presented as there was no potential ordinary shares outstanding during the three months and nine months ended 31 December 2022 and 2021.

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\$122.1 million for the nine months ended 31 December 2022, representing a decrease of approximately 2.6% as compared to the amount of approximately HK\$125.4 million for the nine months ended 31 December 2021.

The Group's gross profit increased from approximately HK\$24.7 million for the nine months ended 31 December 2021 to approximately HK\$26.7 million for the nine months ended 31 December 2022. The overall gross profit margin increased from 19.7% for the nine months ended 31 December 2021 to approximately 21.8% for the nine months ended 31 December 2022. The increase in the gross profit margin was mainly attributable to the increase in average selling price per product.

The Group's total comprehensive income attributable to owners of the Company decreased from approximately HK\$17.7 million for the nine month ended 31 December 2021 to approximately HK\$5.1 million for the nine months ended 31 December 2022. Excluding the gain from disposal of property, the profit attributable to owners of the Company for the nine months ended 31 December 2022 rose to HK\$5.1 million, an increase of 137.4% as compared to HK\$2.1 million for the nine months ended 31 December 2021. The increase was mainly due to the increase in gross profit.

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 tank top, vest and accessories, such as bags, face mask and gloves, through the provision of apparel SCM services to our customers. For the nine months ended 31 December 2022, the Group recorded an unaudited revenue of approximately HK\$122.1 million, representing a decrease of approximately 2.6% comparing with that of approximately HK\$125.4 million for the nine months ended 31 December 2021. The decrease was mainly due to decrease in sales volume.

The following table sets out a breakdown of the Group's unaudited revenue by product categories for the nine months ended 31 December 2022 and 2021:

Product category	Nine months ended 31 December			
	2022		2021	
	HK\$'000 (Unaudited)	% (Unaudited)	HK\$'000 (Unaudited)	% (Unaudited)
Jackets	26,670	21.8	31,096	24.8
Woven shirts	19,257	15.8	14,563	11.6
Pullovers	20,737	17.0	33,055	26.4
Pants and shorts	30,295	24.8	21,749	17.3
T-shirts	10,541	8.6	14,965	11.9
Other products (note)	14,587	12.0	9,976	8.0
	122,087	100.0	125,404	100.0

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

MANAGEMENT DISCUSSION AND ANALYSIS

During the nine months ended 31 December 2022, the sales volume of the Group amounted to 1,042,660 units of finished products as compared to 1,277,588 units for the nine months ended 31 December 2021. Set out below are the total sales quantities of each product category for each of the nine months ended 31 December 2022 and 2021:

Product category	Nine months ended 31 December			
	2022		2021	
	Unit sold (Unaudited)	% (Unaudited)	Unit sold (Unaudited)	% (Unaudited)
Jackets	155,163	14.9	171,485	13.4
Woven shirts	138,446	13.3	139,581	10.9
Pullovers	158,379	15.2	327,431	25.6
Pants and shorts	271,263	26.0	222,595	17.4
T-shirts	140,055	13.4	224,459	17.6
Other products (note)	179,354	17.2	192,037	15.1
	1,042,660	100.0	1,277,588	100.0

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

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 nine months ended 31 December 2022 and 2021:

Product category	Nine months ended 31 December		
	2022 Average selling price (Note i) HK\$ (Unaudited)	2021 Average selling price (Note i) HK\$ (Unaudited)	Rate of change % (Unaudited)
Jackets	171.9	181.3	(5.2)
Woven shirts	139.1	104.3	33.3
Pullovers	130.9	101.0	29.7
Pants and shorts	111.7	97.7	14.3
T-shirts	75.3	66.7	12.9
Other products (note ii)	81.3	52.0	56.6
Overall	117.1	98.2	19.3

Notes:

- i. The average selling price represents the revenue for the period divided by the total sales quantities for the period.
- ii. Other products include, for example tank top, vest and accessories such as bags, face mask and gloves.

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 decreased from approximately HK\$100.7 million for the nine months ended 31 December 2021 to approximately HK\$95.4 million for the nine months ended 31 December 2022.

Gross profit and gross profit margin

The Group's gross profit increase by approximately 7.9% from approximately HK\$24.7 million for the nine months ended 31 December 2021 to approximately HK\$26.7 million for the nine months ended 31 December 2022. The Group's gross profit margin increased from approximately 19.7% for the nine months ended 31 December 2021 to approximately 21.8% for the nine months ended 31 December 2022. The increase in 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\$0.1 million for the nine months ended 31 December 2021 to approximately HK\$0.9 million for the nine months ended 31 December 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 Administrative Region of approximately HK\$0.8 million.

Other gains and losses, net

Other gains and losses consist of (i) gain on disposal of property; (ii) net foreign exchange gain/(loss); (iii) impairment loss/reversal of impairment loss recognised in respect of trade receivables and (iv) bad debts recovered. The Group's recorded other gain to approximately HK\$0.3 million for the nine months ended 31 December 2022 as compared with other gains of approximately HK\$15.2 million for the nine months ended 31 December 2021. The decrease in other gains was mainly due to absence of one-off profit from disposal of property, plant and equipment during the nine months ended 31 December 2022.

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 27.4% from approximately HK\$5.7 million for the nine months ended 31 December 2021 to approximately HK\$7.2 million for the nine months ended 31 December 2022. The net increase in the selling and distribution expenses was mainly attributable to 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\$15.4 million for the nine months ended 31 December 2022 from approximately HK\$16.1 million for the nine months ended 31 December 2021, representing a decrease of approximately 4.1%. Such decrease was mainly attributable to the decrease in depreciation of property, plant and equipment.

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 79.8%, from approximately HK\$1.0 million for the nine months ended 31 December 2021 to approximately HK\$0.2 million for the nine months ended 31 December 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 (expense)/credit

Income tax credit of the Group amounted to approximately HK\$325,000 for the nine months ended 31 December 2021 as compared with income tax expense of approximately HK\$20,000 for the nine months ended 31 December 2022. The increase in income tax expenses mainly derived from the decrease in deferred tax charge for capital allowance being entitled for the nine months ended 31 December 2022.

Total Comprehensive (Loss)/Income Attributable to Owners of the Company

Total comprehensive income for the period was approximately HK\$5.1 million for the nine months ended 31 December 2022, as compared to approximately HK\$17.7 million for the nine months ended 31 December 2021. Such decrease was mainly attributable to one-off profit from disposal of property, plant and equipment as discussed above.

DIVIDEND

The Board does not recommend the payment of dividend for the nine months ended 31 December 2022 (nine months ended 31 December 2021: nil).

FUTURE PROSPECTS

Given the unpredictable macroeconomic environment due to the persistent high inflation, the Group will remain cautious over the market recovery from the pandemic outbreak. Despite most our brand customers being conservative on procurements, the Group aim to have business growth by strengthen its overall competitiveness.

The Group aims to achieve sustainable growth in apparel with sustainability concept and for outdoor activities. Moreover, for better utilising its resources, the Group will continue in exploring high value customers and deploy resources to develop our own brand building and online sales platform, etc.

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 31 December 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 31 December 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 Stock 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 Stock 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 31 December 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

Name of shareholder	Capacity/ nature of interest	Number of shares held	Approximate percentage in the shareholding
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 31 December 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 quarterly report, at no time during the nine months ended 31 December 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 nine months ended 31 December 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 31 December 2022, the Directors were not aware of any business or interest of the Directors, the controlling shareholders (as defined under the GEM Listing Rules), 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 nine months ended 31 December 2022 and up to the date of this quarterly 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 quarterly 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.

DIRECTORS’ INTERESTS IN CONTRACTS

Save as disclosed in this quarterly report, none of the Directors nor their respective close associates had a material beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the nine months ended 31 December 2022.

CORPORATE GOVERNANCE AND OTHER INFORMATION

EVENT AFTER THE REPORTING PERIOD

There is no significant event subsequent to 31 December 2022 which would materially affect the Group's operating and financial performance.

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 quarterly report and the unaudited condensed consolidated results of the Company for the nine months ended 31 December 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, 13 February 2023

As at the date of this quarterly 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.