

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

FIRST
QUARTERLY
REPORT
2022



century

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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.

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*This quarterly report, for which the directors (collectively 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.*

CONTENTS

Corporate Information	2-3
Financial Highlights	4
Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	5
Unaudited Condensed Consolidated Statement of Changes in Equity	6
Notes to the Unaudited Condensed Consolidated Financial Statements	7-15
Management Discussion and Analysis	16-22
Corporate Governance and Other Information	23-28

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) Ltd
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\$36.2 million for the three months ended 30 June 2022 (three months ended 30 June 2021: approximately HK\$28.5 million), representing an increase of approximately 27.0% as compared to corresponding period in 2021.
- Profit attributable to the owners of the Company was approximately HK\$32,000 for the three months ended 30 June 2022 (three months ended 30 June 2021: loss of approximately HK\$1,419,000).
- The Board does not recommend the payment of any dividend for the three months ended 30 June 2022 (three months ended 30 June 2021: Nil).

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

For the three months ended 30 June 2022

The board of directors (the “**Board**”) of the Company announces the unaudited condensed consolidated financial results of the Group for the three months ended 30 June 2022, together with the comparative unaudited figures for the corresponding period in 2021, as follows:

	Notes	Three months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	4	36,231	28,535
Cost of sales		(29,485)	(23,239)
Gross profit		6,746	5,296
Other income	5	582	55
Other gain and losses, net	6	406	915
Selling and distribution expenses		(2,428)	(1,890)
Administrative expenses		(5,164)	(5,596)
Finance costs	7	(79)	(332)
Profit/(loss) before tax	8	63	(1,552)
Income tax (expense)/credit	9	(31)	133
Profit/(loss) for the period		32	(1,419)
Other comprehensive income/ (loss)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		90	(4)
Total comprehensive income/ (loss) for the period attributable to owners of the Company		122	(1,423)
Earnings/(loss) per share			
Basic and diluted (<i>HK cents</i>)	10	0.01	(0.35)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2022

	Attributable to owners of the Company					
	Share capital HK\$'000	Share premium HK\$'000	Contribution reserve HK\$'000 (Note i)	Exchange reserve HK\$'000 (Note ii)	Accumulated losses HK\$'000	Total equity HK\$'000
At 1 April 2021 (Audited)	4,000	43,238	-*	(12)	(27,843)	19,383
Loss for the period	-	-	-	-	(1,419)	(1,419)
Other comprehensive loss:						
Exchange differences on translation of foreign operations during the period	-	-	-	(4)	-	(4)
Total comprehensive loss for the period	-	-	-	(4)	(1,419)	(1,423)
At 30 June 2021 (Unaudited)	4,000	43,238	-*	(16)	(29,262)	17,960
At 1 April 2022 (Audited)	4,000	43,238	-*	(29)	(8,629)	38,580
Profit for the period	-	-	-	-	32	32
Other comprehensive income:						
Exchange difference arising on translation of foreign operations during the period	-	-	-	90	-	90
Total comprehensive income for the period	-	-	-	90	32	122
At 30 June 2022 (Unaudited)	4,000	43,238	-*	61	(8,597)	38,702

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

Notes:

- (i) Contribution reserve of the Group represents the difference between the aggregated share capital of the subsidiaries and one nil paid share of the Company issued as fully paid pursuant to the Reorganisation (as defined in the prospectus of the Company dated 29 March 2018 (the "Prospectus")) for transfer of the subsidiaries to the Company. The balance was approximately HK\$4.
- (ii) Exchange reserve represents exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Hong Kong dollar) are recognised directly in other comprehensive income and accumulated in the translation reserve. Such exchange differences accumulated in the exchange reserve are reclassified to retained earnings on the disposal of the foreign operations.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 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 of Hong Kong Limited (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 for the three months ended 30 June 2022 have been prepared in accordance with all the applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"), Hong Kong Accounting Standards and Interpretations. These unaudited condensed consolidated financial statements also comply with the applicable disclosure provisions of the GEM listing Rules.

The unaudited condensed consolidated financial statements have been prepared on historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2022

2. BASIS OF PREPARATION (continued)

The unaudited condensed consolidated financial statements for the three months ended 30 June 2022 should be read in conjunction with the audited consolidated financial statements for the year ended 31 March 2022 and the notes thereto (the “**2022 Audited Consolidated Financial Statements**”). The significant accounting policies adopted in the preparation of the unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the 2022 Audited Consolidated Financial Statements except for the new and revised standards, amendments and interpretations issued by the HKICPA that are adopted for the first time for the current period’s financial statements. It should be noted that accounting estimates and assumptions were adopted in the preparation of the unaudited condensed consolidated financial statements. Although the estimates are based on the management’s best knowledge of and judgment on the present events and actions, the actual results may eventually differ from those estimates.

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

During the period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 April 2022. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s unaudited condensed consolidated financial statements and amounts reported for the current and prior accounting periods.

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial period beginning 1 April 2022. The Directors anticipate that the new and revised HKFRSs will be adopted in the Group’s unaudited condensed consolidated financial statements when they become effective. The Group is in the process of assessing, where applicable, the potential effect of all new and revised HKFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2022

4. REVENUE AND SEGMENT INFORMATION

(a) Disaggregation of revenue from contracts with customers:

	Three months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Sales of goods	36,231	28,535

(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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2022

4. REVENUE AND SEGMENT INFORMATION (continued)

(b) Segment Information (continued)

Information about major customers

The following tables set out information about the revenue from customers during the period individually contributing over 10% of the Group's revenue:

	Three months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Customer A	4,486	5,684
Customer B	N/A	5,568
Customer C	4,444	N/A
Customer D	N/A	3,796
Customer E	5,644	3,592

N/A: The corresponding revenue did not contribute over 10% of the total revenue of the Group.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2022

4. REVENUE AND SEGMENT INFORMATION (continued)

(b) Segment Information (continued)

Geographical information

The following table sets out information about the geographical location of the Group's revenue from external customers during the period. The geographical location of customers is based on the location to which the services were provided or the goods delivered:

	Three months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
United States of America ("USA")	14,362	10,132
France	704	82
Other European countries (note i)	7,403	11,552
Australia	12,592	5,091
Canada	128	346
Japan	792	1,041
Other locations (note ii)	250	291
	36,231	28,535

Notes:

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2022

5. OTHER INCOME

	Three months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Government grants	523	32
Bank interest income	48	23
Sundry income	11	–
	582	55

6. OTHER GAIN AND LOSSES, NET

	Three months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Net foreign exchange loss	(30)	(9)
Net reversal of impairment loss in respect of trade receivables	451	892
Bad debt recovered	55	110
Impairment loss recognised in respect of deposits and other receivables	(70)	(78)
	406	915

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2022

7. FINANCE COSTS

Three months ended 30 June		
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Interest on bank overdrafts	36	299
Interest on bank borrowings	28	31
Interest on lease liabilities	15	2
	79	332

8. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging:

Three months ended 30 June		
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Auditors' remuneration	125	125
Depreciation of property, plant and equipment	65	334
Depreciation of right-of-use assets	119	35
Rental expenses in respect of short-term leases	32	276
Cost of goods sold	27,808	21,968
Staff costs including directors' remuneration (note)		
– Salaries and wages	5,035	4,870
– Staff benefits	30	29
– Retirement benefit scheme contributions	201	192
	5,266	5,091

Note: Staff costs including Directors' remuneration included in "Selling and distribution expenses" are salaries and wages of approximately HK\$1,749,000 (three months ended 30 June 2021: HK\$1,644,000) and retirement benefit scheme contributions of approximately HK\$120,000 (three months ended 30 June 2021: HK\$104,000).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2022

9. INCOME TAX EXPENSE/(CREDIT)

	Three months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Current tax – Hong Kong Profits Tax – Charge for the period	–	–
Deferred tax – Charge/(credit) for the period	31	(133)
	31	(133)

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

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%.

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

No provision for Hong Kong Profits Tax, PRC Enterprise Income Tax and other overseas subsidiary had been made as the Group had no assessable profit for the period ended 30 June 2022.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2022

10. EARNINGS/(LOSS) PER SHARE

	Three months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Earnings/(loss) Earnings/(loss) for the purpose of calculating basic earnings/(loss) per share	32	(1,419)
	'000 (Unaudited)	'000 (Unaudited)
Number of shares Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	400,000	400,000

The calculation of basic earnings/(loss) per share for the period ended 30 June 2022 and 2021 is based on profit/(loss) attributable to owners of the Company and the weighted average number of ordinary shares.

No diluted earnings/(loss) per share was presented as there was no potential dilutive potential shares outstanding during the above respective periods.

11. DIVIDENDS

The Board does not recommend the payment of dividends for the three months ended 30 June 2022 (three months ended 30 June 2021: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

The Group is an apparel supply chain management 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 specification 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

During the period, the Group recorded revenue of approximately HK\$36.2 million for the three months ended 30 June 2022, representing an increase of approximately 27.0% as compared to the amount of approximately HK\$28.5 million for the three months ended 30 June 2021. The increase in revenue was mainly attributable to the increase in sales volume. The Group's gross profit for the three months ended 30 June 2022 amounted to approximately HK\$6.7 million and approximately HK\$5.3 million for the three months ended 30 June 2021. The overall gross profit margin remained stable at 18.6% for the three months ended 30 June 2022 and 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's revenue was mainly derived from the sales of our key apparel products, such as jackets, woven shirts, pullovers, pants, shorts, T-shirts and other products, including dress, vests and accessories, such as socks and bags, through the provision of apparel SCM services to our customers. For the three months ended 30 June 2022, the Group recorded an unaudited revenue of approximately HK\$36.2 million, representing an increase of approximately 27.0% comparing with that of approximately HK\$28.5 million for the three months ended 30 June 2021. The increase in revenue was mainly attributable to increase in sales volume.

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

Product category	Three months ended 30 June			
	2022		2021	
	HK\$'000 (Unaudited)	% (Unaudited)	HK\$'000 (Unaudited)	% (Unaudited)
Jackets	8,004	22.1	5,946	20.8
Woven shirts	5,567	15.4	2,241	7.9
Pullover	3,336	9.2	5,920	20.7
Pants and shorts	11,621	32.1	8,629	30.3
T-shirts	3,957	10.9	3,222	11.3
Other products (note)	3,746	10.3	2,577	9.0
	36,231	100.0	28,535	100.0

Note: Other products include, for example, dress, vest and accessories such as socks and bags.

MANAGEMENT DISCUSSION AND ANALYSIS

During the three months ended 30 June 2022, the sales volume of the Group amounted to 321,961 units of finished products as compared to approximately 278,931 units for the three months ended 30 June 2021. Set out below are the total sales quantities of each product category for each of the three months ended 30 June 2022 and 2021:

Product category	Three months ended 30 June			
	2022		2021	
	Unit sold (Unaudited)	% (Unaudited)	Unit sold (Unaudited)	% (Unaudited)
Jackets	46,485	14.4	34,320	12.3
Woven shirts	40,192	12.5	17,941	6.4
Pullover	35,690	11.1	60,528	21.7
Pants and shorts	96,015	29.8	85,429	30.6
T-shirts	59,321	18.4	52,639	18.9
Other products (note)	44,258	13.8	28,074	10.1
	321,961	100.0	278,931	100.0

Note: Other products include, for example, dress, vest and accessories such as socks 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 three months ended 30 June 2022 and 2021:

Product category	Three months ended 30 June		
	2022 Average selling price (note 1) HK\$ (Unaudited)	2021 Average selling price (note 1) HK\$ (Unaudited)	Rate of change % (Unaudited)
Jackets	172.2	173.3	(0.6)
Woven shirts	138.5	124.9	10.9
Pullover	93.5	97.8	(4.4)
Pants and shorts	121.0	101.0	19.8
T-shirts	66.7	61.2	9.0
Other products (note 2)	84.6	91.8	(7.8)
	112.5	102.3	10.0

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, vest and accessories such as socks 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 to approximately HK\$29.5 million for the three months ended 30 June 2022 from approximately HK\$23.2 million for the three months ended 30 June 2021, representing an increase of approximately 26.9%. Such increase was in line with the total sales volume.

Gross profit and gross profit margin

The Group's gross profit increase by approximately 27.4% from approximately HK\$5.3 million for the three months ended 30 June 2021 to approximately HK\$6.7 million for the three months ended 30 June 2022. The Group's gross profit margin remained stable at 18.6% for the three months ended 30 June 2022 and 2021.

Other income

Other income mainly consists of (i) bank interest income; (ii) government grants and (iii) sundry income. The Group's other income increased from approximately HK\$55,000 for the three months ended 30 June 2021 to approximately HK\$582,000 for the three months ended 30 June 2022. The increase was mainly attributable to the government grants in respect of the Employment Support Scheme.

Other gain and losses, net

Other gain and losses consist of (i) net foreign exchange loss and (ii) reversal of impairment loss recognised in respect of trade receivables. The Group's recorded other gain to approximately HK\$0.9 million for the three months ended 30 June 2021 as compared with other gain of approximately HK\$0.4 million for the three months ended 30 June 2022. The decrease in other gains was mainly due to decrease of the reversal of impairment loss in respect of trade receivables.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling and distribution expenses

Selling and distribution expenses mainly consist of (i) commission paid; (ii) marketing expenses and (iii) salaries and mandatory provident fund for merchandising staff. Selling and distribution expenses increased by approximately 28.5% from approximately HK\$1.9 million for the three months ended 30 June 2021 to approximately HK\$2.4 million for the three months ended 30 June 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 (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) entertainment expenses; and (v) rent and government rates.

Administrative expenses decreased to approximately HK\$5.2 million for the three months ended 30 June 2022 from approximately HK\$5.6 million for the three months ended 30 June 2021, representing a decrease of approximately 7.7%. Such decrease was mainly attributable to the decrease in entertainment and rental expenses.

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 76.2%, from approximately HK\$332,000 for the three months ended 30 June 2021 to approximately HK\$79,000 for the three months ended 30 June 2022. The decrease was mainly due to the decrease in bank overdrafts.

MANAGEMENT DISCUSSION AND ANALYSIS

Income tax (expense)/credit

Income tax expense of the Group for the three months ended 30 June 2022 was approximately HK\$31,000 as compared with income tax credit of approximately HK\$133,000 for the three months ended 30 June 2021.

Profit/(loss) for the period

The Group recorded a profit of approximately HK\$63,000 for the three months ended 30 June 2022 from the loss of approximately HK\$1,419,000 for the three months ended 30 June 2021.

DIVIDEND

The Board do not recommend the payment of dividend for the three months ended 30 June 2022 (three months ended 30 June 2021: Nil).

FUTURE PROSPECTS

The global economic situation remains complex and changeable. The adverse impact of the COVID-19 pandemic, geopolitical and military conflicts together with the anticipated and aggressive U.S. interest rate hikes will be major factors of uncertainty to companies with overseas sales and currency exposure. The Group expect the operating environment in the rest of the year 2022 would remain challenging and it might affect our customers' procurement habit.

To cope with the complex and changeable global economic situation, the Group will take extra caution and measures to control the raising costs.

Going forward, the Group will continue to strengthen its capability in apparel products with sustainability concept, not just limited to casual lifestyles and outdoor apparel products. Moreover, the Group will continue to explore customers in existing markets and expand into different countries of European markets; to continue explore more opportunities to develop new income streams such as own brand building, online sales platform, etc. for bringing long term benefits to the shareholders.

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 June 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 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 June 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 of the GEM Listing Rules.

INTEREST AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

So far as the Directors are aware, as at 30 June 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 of 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 30 June 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 DEBENTURE

Save as disclosed in the report, at no time during the three months ended 30 June 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 three months ended 30 June 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

NON-COMPETITION UNDERTAKINGS BY CONTROLLING SHAREHOLDERS

For the period ended 30 June 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 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.

CORPORATE 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 code provisions of the CG code up to the date of this report, except a deviation from the CG Code provision A.2.1.

Pursuant to code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separated 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 paragraph A.2.1 of the CG Code is appropriate in such circumstance.

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPLIANCE OF CODE OF CONDUCT FOR 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 enquiry of all Directors and the Company was not aware of any non-compliance with the Model Code by the Directors during the three months ended 30 June 2022 and up to the date of this report.

EVENT AFTER THE REPORTING PERIOD

There is no significant event subsequent to 30 June 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 in compliance with paragraph C.3.3 of the CG Code. The Audit Committee consists of three independent non-executive Directors, namely Mr. Lau Yau Chuen Louis, Mr. Lee Kwun Ting and Ms. Cheung Wai Man. 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 the unaudited condensed consolidated financial results of the Company for the three months ended 30 June 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The unaudited condensed consolidated financial results of the Company for the three months ended 30 June 2022 had not been audited or reviewed by the Company's auditor.

By Order of the Board

i.century Holding Limited

Leung Kwok Hung Wilson

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 12 August 2022

As at the date of this 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.

This report will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for a minimum period of seven days from the date of its publication and on the Company's website at www.icenturyholding.com.