

# 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

The logo for i.century, featuring a white circle above the word "century" written vertically in a dark blue, sans-serif font. The background of the entire page is a space-themed image showing a view of Earth from space with a bright sun or star in the center, creating a lens flare effect. The Earth's surface is visible on the right side, showing continents and city lights at night.

century

## FIRST QUARTERLY REPORT 2023

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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**

6/F., Orient International Tower  
No. 1018 Tai Nan West Street  
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](http://www.icenturyholding.com)

## FINANCIAL HIGHLIGHTS

- The Group recorded an unaudited revenue of approximately HK\$19.8 million for the three months ended 30 June 2023 (three months ended 30 June 2022: approximately HK\$36.2 million), representing a decrease of approximately 45.2% as compared to corresponding period in 2022.
- Loss attributable to the owners of the Company was approximately HK\$4.9 million for the three months ended 30 June 2023 (three months ended 30 June 2022: profit of approximately HK\$32,000).
- The Board does not recommend the payment of any dividend for the three months ended 30 June 2023 (three months ended 30 June 2022: Nil).

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

For the three months ended 30 June 2023

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 2023, together with the comparative unaudited figures for the corresponding period in 2022, as follows:

	Notes	Three months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>Revenue</b>	4	<b>19,842</b>	36,231
Cost of sales		<b>(15,075)</b>	(29,485)
<b>Gross profit</b>		<b>4,767</b>	6,746
Other income	5	<b>47</b>	582
Other losses and gains, net	6	<b>(114)</b>	406
Selling and distribution expenses		<b>(2,342)</b>	(2,428)
Administrative expenses		<b>(6,191)</b>	(5,164)
Finance costs	7	<b>(243)</b>	(79)
<b>(Loss)/profit before tax</b>	8	<b>(4,076)</b>	63
Income tax expense	9	<b>(811)</b>	(31)
<b>(Loss)/profit for the period</b>		<b>(4,887)</b>	32
<b>Other comprehensive income</b> <i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<b>84</b>	90
<b>Total comprehensive (loss)/ income for the period attributable to owners of the Company</b>		<b>(4,803)</b>	122
<b>(Loss)/earnings per share</b> Basic and diluted (HK cents)	10	<b>(1.22)</b>	0.01

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2023

	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 2022 (Audited)	4,000	43,238	-*	(29)	(8,629)	38,580
Profit for the period	-	-	-	-	32	32
Other comprehensive income:						
Exchange differences 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
<b>At 1 April 2023 (Audited)</b>	<b>4,000</b>	<b>43,238</b>	<b>-*</b>	<b>70</b>	<b>(13,584)</b>	<b>33,724</b>
Loss for the period	-	-	-	-	(4,887)	(4,887)
Other comprehensive income:						
Exchange difference arising on translation of foreign operations during the period	-	-	-	84	-	84
Total comprehensive loss for the period	-	-	-	84	(4,887)	(4,803)
At 30 June 2023 (Unaudited)	4,000	43,238	-*	154	(18,471)	28,921

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

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2023

## 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 6/F., Orient International Tower, No. 1018 Tai Nan West Street, 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 2023 have been prepared under the historical cost basis and 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 2023

### 2. BASIS OF PREPARATION (continued)

The unaudited condensed consolidated financial statements for the three months ended 30 June 2023 should be read in conjunction with the audited consolidated financial statements for the year ended 31 March 2023 and the notes thereto (the “**2023 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 2023 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 2023. 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 2023. 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 2023

### 4. REVENUE AND SEGMENT INFORMATION

(a) Disaggregation of revenue from contracts with customers:

	<b>Three months ended 30 June</b>	
	<b>2023 HK\$'000 (Unaudited)</b>	<b>2022 HK\$'000 (Unaudited)</b>
Sales of goods	<b>19,842</b>	36,231

#### (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 2023

### 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	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Customer A	N/A	5,644
Customer B	5,137	4,486
Customer C	N/A	4,444

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 2023*

### 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:

	<b>Three months ended 30 June</b>	
	<b>2023 HK\$'000 (Unaudited)</b>	2022 HK\$'000 (Unaudited)
United States of America ("USA")	<b>6,665</b>	14,362
France	<b>232</b>	704
Other European countries (note i)	<b>5,452</b>	7,403
Australia	<b>7,407</b>	12,592
Canada	<b>68</b>	128
Japan	<b>—*</b>	792
Other locations (note ii)	<b>18</b>	250
	<b>19,842</b>	36,231

\* The amount less than \$1,000

Notes:

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

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2023

### 5. OTHER INCOME

	Three months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Government grants	–	523
Bank interest income	25	4
Interest income	–	44
Sundry income	22	11
	<b>47</b>	582

### 6. OTHER LOSSES AND GAINS, NET

	Three months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Net foreign exchange losses (Impairment loss)/reversal of impairment	<b>(39)</b>	(30)
loss in respect of trade receivables, net	<b>(107)</b>	451
Bad debt recovered	<b>83</b>	55
Impairment loss recognised in respect of deposits and other receivables	–	(70)
Loss on disposal of plant and equipment	<b>(51)</b>	–
	<b>(114)</b>	406

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2023

## 7. FINANCE COSTS

	<b>Three months ended 30 June</b>	
	<b>2023 HK\$'000 (Unaudited)</b>	<b>2022 HK\$'000 (Unaudited)</b>
Interest on bank overdrafts	–	36
Interest on bank borrowings	<b>242</b>	28
Interest on lease liabilities	<b>1</b>	15
	<b>243</b>	79

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2023

### 8. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	Three months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Auditors' remuneration	163	125
Depreciation of property, plant and equipment	209	65
Depreciation of right-of-use assets	12	119
Rental expenses in respect of short-term leases	1,015	32
Cost of goods sold	14,701	27,808
Staff costs including directors' remuneration (note)		
– Salaries and wages	4,891	5,035
– Staff benefits	139	30
– Retirement benefit scheme contributions	202	201
	<b>5,232</b>	5,266

Note: Staff costs including Directors' remuneration included in "Selling and distribution expenses" are salaries and wages of approximately HK\$1,460,000 (three months ended 30 June 2022: HK\$1,749,000) and retirement benefit scheme contributions of approximately HK\$115,000 (three months ended 30 June 2022: HK\$120,000).

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the three months ended 30 June 2023*

### 9. INCOME TAX EXPENSE

	<b>Three months ended 30 June</b>	
	<b>2023 HK\$'000 (Unaudited)</b>	<b>2022 HK\$'000 (Unaudited)</b>
Current tax – Hong Kong Profits Tax – Charge for the period	–	–
Deferred tax – Charge for the period	<b>811</b>	31
	<b>811</b>	31

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 2023.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2023

### 10. (LOSS)/EARNINGS PER SHARE

	Three months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>(Loss)/earnings</b> (Loss)/earnings for the purpose of calculating basic (loss)/earnings per share	<b>(4,887)</b>	32
	'000 (Unaudited)	'000 (Unaudited)
<b>Number of shares</b> Weighted average number of ordinary shares for the purpose of basic (loss)/ earnings per share	<b>400,000</b>	400,000

The calculation of basic (loss)/earnings per share for the period ended 30 June 2023 and 2022 is based on (loss)/profit attributable to owners of the Company and the weighted average number of ordinary shares.

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

### 11. DIVIDEND

The Board does not recommend the payment of dividend for the three months ended 30 June 2023 (three months ended 30 June 2022: 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\$19.8 million for the three months ended 30 June 2023, representing a decrease of approximately 45.2% as compared to the amount of approximately HK\$36.2 million for the three months ended 30 June 2022. The Group's gross profit decreased from approximately HK\$6.7 million for the three months ended 30 June 2022 to approximately HK\$4.8 million for the three months ended 30 June 2023. The overall gross profit margin increased from 18.6% for the three months ended 30 June 2022 to 24.0% for the three months ended 30 June 2023.

The Group's loss attributable to owners of the Company of approximately HK\$4.9 million for the three months ended 30 June 2023 as compared to the profit attributable to owners of the Company of HK\$32,000 for the three months ended 30 June 2022. The deterioration in the performance of the Group for the three months ended 30 June 2023 was mainly attributable to the combined effects of (i) decrease in both revenue and gross profit; (ii) absence of government grants in respect of COVID-19 related subsidies provided by the Government of the HKSAR; (iii) increase in provision for expected credit loss allowance on trade receivables; and (iv) increase in rental expenses, which mainly attributable from the existing Group's property did not provide sufficient space for the Group's daily operation, therefore the Group entered into a tenancy agreement with connected persons of the Group for leasing five units adjacent to the Group's property.

## 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 bathrobe, 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 2023, the Group recorded an unaudited revenue of approximately HK\$19.8 million, representing a decrease of approximately 45.2% comparing with that of approximately HK\$36.2 million for the three months ended 30 June 2022. The decrease in revenue was mainly attributable to decrease 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 2023 and 2022:

Product category	Three months ended 30 June			
	2023		2022	
	HK\$'000 (Unaudited)	% (Unaudited)	HK\$'000 (Unaudited)	% (Unaudited)
Jackets	724	3.6	8,004	22.1
Woven shirts	4,223	21.3	5,567	15.4
Pullover	3,101	15.7	3,336	9.2
Pants and shorts	4,839	24.4	11,621	32.1
T-shirts	3,637	18.3	3,957	10.9
Other products (Note)	3,318	16.7	3,746	10.3
	19,842	100.0	36,231	100.0

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

## MANAGEMENT DISCUSSION AND ANALYSIS

During the three months ended 30 June 2023, the sales volume of the Group amounted to 193,446 units of finished products as compared to approximately 321,961 units for the three months ended 30 June 2022. Set out below are the total sales quantities of each product category for each of the three months ended 30 June 2023 and 2022:

Product category	Three months ended 30 June			
	2023		2022	
	Unit sold (Unaudited)	% (Unaudited)	Unit sold (Unaudited)	% (Unaudited)
Jackets	1,964	1.0	46,485	14.4
Woven shirts	30,287	15.7	40,192	12.5
Pullover	25,122	13.0	35,690	11.1
Pants and shorts	38,124	19.7	96,015	29.8
T-shirts	62,295	32.2	59,321	18.4
Other products (Note)	35,654	18.4	44,258	13.8
	<b>193,446</b>	<b>100.0</b>	321,961	100.0

Note: Other products include, for example, bathrobe, 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 2023 and 2022:

Product category	Three months ended 30 June		
	2023 Average selling price (Note 1) HK\$ (Unaudited)	2022 Average selling price (Note 1) HK\$ (Unaudited)	Rate of change % (Unaudited)
Jackets	368.6	172.2	114.1
Woven shirts	139.4	138.5	0.7
Pullover	123.4	93.5	32.1
Pants and shorts	126.9	121.0	4.9
T-shirts	58.4	66.7	(12.5)
Other products (Note 2)	93.1	84.6	9.9
	102.6	112.5	(8.9)

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, bathrobe, 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 decreased from approximately HK\$29.5 million for the three months ended 30 June 2022 to approximately HK\$15.1 million for the three months ended 30 June 2023, representing a decrease of approximately 48.9%. Such decrease was in line with the total sales volume.

### *Gross profit and gross profit margin*

The Group's gross profit decrease by approximately 29.3% from approximately HK\$6.7 million for the three months ended 30 June 2022 to approximately HK\$4.8 million for the three months ended 30 June 2023. The decrease in gross profit mainly attributable to decrease in total sales volume, and result in decrease in revenue. The Group's gross profit margin increased from approximately 18.6% for the three months ended 30 June 2022 to 24.0% for the three months ended 30 June 2023. The increased in gross profit margin was mainly due to increase in average selling price per product.

### *Other income*

Other income mainly consists of (i) bank interest income, (ii) government grants and (iii) sundry income. The Group's other income decreased by approximately 91.9% from approximately HK\$582,000 for the three months ended 30 June 2022 to approximately HK\$47,000 for the three months ended 30 June 2023. The decrease was mainly due to absence of government grants in respect of COVID-19 subsidies provided by the Government of the HKSAR during the three months ended 30 June 2023.

### *Other losses and gains, net*

Other losses and gains consist of (i) net foreign exchange loss and (ii) impairment loss/reversal of impairment loss recognised in respect of trade receivables. The Group's recorded other gains of approximately HK\$0.4 million for the three months ended 30 June 2022 as compared with other losses of approximately HK\$0.1 million for the three months ended 30 June 2023. The other losses was mainly attributable due to impairment loss recognised in respect of trade receivables for the three months ended 30 June 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS

### *Selling and distribution expenses*

Selling and distribution expenses mainly consist of (i) marketing expenses; (ii) overseas travelling; and (iii) salaries and mandatory provident fund for merchandising staff. Selling and distribution expenses decreased by approximately 3.6% from approximately HK\$2.4 million for the three months ended 30 June 2022 to approximately HK\$2.3 million for the three months ended 30 June 2023.

### *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; and (iv) rent and government rates.

Administrative expenses increased to approximately HK\$6.2 million for the three months ended 30 June 2023 from approximately HK\$5.2 million for the three months ended 30 June 2022, representing an increase of approximately 19.9%. Such increase was mainly attributable to the increase in rental expenses. Since the existing Group's property did not provide sufficient space for the Group's daily operation, the Group entered into a tenancy agreement with connected persons of the Group for leasing five units adjacent to the Group's property.

### *Finance costs*

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

The Group's finance costs increased by approximately HK\$0.2 million, or approximately 208.8%, from approximately HK\$79,000 for the three months ended 30 June 2022 to approximately HK\$243,000 for the three months ended 30 June 2023. The increase was mainly due to the increase in bank borrowings taken out by the Group to finance daily operations.

### *Income tax expense*

Income tax expense of the Group for the three months ended 30 June 2022 was approximately HK\$31,000 as compared with approximately HK\$811,000 for the three months ended 30 June 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS

### *Loss/profit attributable to owners of the Company*

The Group recorded a loss attributable to owners of the Company of approximately HK\$4.9 million for the three months ended 30 June 2023 as compared with a profit attributable to owners of the Company of approximately HK\$32,000 for the three months ended 30 June 2022. Such decrease was mainly attributable to the net effect of (i) the decrease in both revenue and gross profit; (ii) absence of government grants in respect of COVID-19 related subsidies provided by the Government of the HKSAR; (iii) increase in provision of expected credit loss allowance on trade receivables; and (iv) increase in rental expense.

### **DIVIDEND**

The Board do not recommend the payment of dividend for the three months ended 30 June 2023 (three months ended 30 June 2022: Nil).

### **FUTURE PROSPECTS**

Because of tense economic over the past few months, there is pressure in the Group existing markets. It is expected the near future will still be very difficult for its business performance due to threat of economic recession. The Group would be more flexible to prepare for any uncertainty but strictly adhere cost control policy. For exploring new customers and more business, the Group might need to provide a flexible credit terms to them, but it would certainly increase the credit risk and might tighten the financial resources of the Group. By adjusting our product portfolio, The Group will act timely in response to change of customer preference and the latest market trends. The Group will explore all probable opportunities to diversify its business horizons and strengthen its overall business development to generate return to the shareholders.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 June 2023, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (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 and short positions in which they were 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	Number of interested shares	Approximate percentage of the Company's shareholding
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, as at 30 June 2023, 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 were 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.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2023, so far as the Directors are aware, the following persons/entities (other than the Directors and chief executive of the Company), had, or were deemed to have, interests or a short positions in the shares or the underlying shares, which would fall to be disclosed to the Company the stock Exchange under the provisions of 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 nature 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 2023, no person, other than the Directors and chief executive of the Company whose interests or are set out in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporation" above, had notified the Company of an interest or short position in the Shares, underlying shares or debenture of the Company that was 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 this quarterly report, at no time during the three months ended 30 June 2023 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 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

### **COMPETING INTEREST AND DEED OF NON-COMPETITION**

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.

Save as aforesaid, as of the date of this quarterly report, 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.

## 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 code provisions of the CG code up to the date of this quarterly report, except a deviation from the CG Code provision C.2.1.

Pursuant to code provision C.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 C.2.1 of the CG Code is appropriate in such circumstance.

### 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 2023 and up to the date of this quarterly report.

### EVENT AFTER THE REPORTING PERIOD

There is no significant event subsequent to 30 June 2023 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 in compliance with Rule 5.29 of the GEM Listing Rules and code provision D.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 2023 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 August 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.*