

i.century Holding Limited 愛世紀集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8507



INTERIM REPORT 2023

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

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-Executive Directors

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

COMPANY SECRETARY

Mr. Kwok Chi Yin

COMPLIANCE OFFICER

Mr. Leung Kwok Hung Wilson

AUTHORISED REPRESENTATIVES

Ms. Tam Shuk Fan
Mr. Kwok Chi Yin

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

AUDITOR

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

REGISTERED OFFICE IN CAYMAN ISLANDS

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

CORPORATE INFORMATION

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

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) 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\$57.8 million for the six months ended 30 September 2023 (six months ended 30 September 2022: approximately HK\$97.7 million), representing a decrease of approximately 40.8% as compared to corresponding period in 2022.
- Loss attributable to the owners of the Company was approximately HK\$9.2 million for the six months ended 30 September 2023 (six months ended 30 September 2022: profit attributable to the owners of the Company of approximately HK\$5.1 million).
- The Board does not recommend the payment of any dividend for the six months ended 30 September 2023 (six months ended 30 September 2022: nil).

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

For the three months and six months ended 30 September 2023

The board of directors (the “**Board**”) of the Company presents the unaudited condensed consolidated financial results of the Group for the three months and six months ended 30 September 2023, together with the comparative unaudited figures for the corresponding period in 2022, are as follows:

	Notes	Three months ended 30 September		Six months ended 30 September	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	6	37,991	61,430	57,833	97,661
Cost of sales		(28,909)	(47,735)	(43,984)	(77,220)
Gross profit		9,082	13,695	13,849	20,441
Other income	7	38	80	85	662
Other losses and gains, net	8	(3,210)	(1,198)	(3,324)	(792)
Selling and distribution expenses		(2,505)	(2,458)	(4,847)	(4,886)
Administrative expenses		(6,796)	(5,057)	(12,987)	(10,221)
Finance costs	9	(278)	(58)	(521)	(137)
(Loss)/profit before tax	10	(3,669)	5,004	(7,745)	5,067
Income tax (expense)/credit	11	(632)	44	(1,443)	13
(Loss)/profit for the period		(4,301)	5,048	(9,188)	5,080
Other comprehensive (loss)/ income					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences arising on translation of foreign operations		(24)	77	60	167
Total comprehensive (loss)/ income for the period attributable to owners of the Company		(4,325)	5,125	(9,128)	5,247
(Loss)/earnings per share					
Basic and diluted (HK cents)	13	(1.1)	1.3	(2.3)	1.3

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

	Notes	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	14	23,868	15,949
Right-of-use assets		864	110
Other receivables	16	–	211
Deferred tax assets		–	20
		24,732	16,290
Current assets			
Inventories		1,784	1,122
Trade receivables	15	13,915	11,039
Deposits paid, prepayments and other receivables	16	10,441	15,737
Amounts due from related companies	17	2,766	2,951
Amounts due from related party	18	2,500	2,500
Pledged bank deposits		1,400	1,400
Bank balances and cash		7,938	17,115
		40,744	51,864
Current liabilities			
Trade payables	19	6,991	5,053
Other payables and accruals		3,286	2,423
Contract liabilities		7,885	5,562
Bank borrowings	20	20,432	21,291
Lease liabilities		228	49
		38,822	34,378
Net current assets		1,922	17,486
Total assets less current liabilities		26,654	33,776

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

	Notes	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Equity attributable to owners of the Company			
Share capital	21	4,000	4,000
Reserves		20,596	29,724
Total equity		24,596	33,724
Non-current liabilities			
Deferred tax liabilities		1,423	–
Lease liabilities		635	52
		2,058	52
		26,654	33,776

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 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	-	-	-	-	5,080	5,080
Other comprehensive income for the period:						
Exchange differences arising on translation of foreign operations	-	-	-	167	-	167
Total comprehensive income for the period	-	-	-	167	5,080	5,247
At 30 September 2022 (Unaudited)	4,000	43,238	-*	138	(3,549)	43,827
At 1 April 2023 (Audited)	4,000	43,238	-*	70	(13,584)	33,724
Loss for the period	-	-	-	-	(9,188)	(9,188)
Other comprehensive income for the period:						
Exchange differences arising on translation of foreign operations	-	-	-	60	-	60
Total comprehensive loss for the period	-	-	-	60	(9,188)	(9,128)
At 30 September 2023 (Unaudited)	4,000	43,238	-*	130	(22,772)	24,596

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2023

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Net cash generated from/(used in) operating activities	870	(9,417)
Investing activities		
Interest received	47	80
Deposits paid for acquisition of property, plant and equipment	–	(1,007)
Purchase of property, plant and equipment	(8,734)	–
Withdrawal of pledged bank deposit	–	9,000
Net cash (used in)/generated from investing activities	(8,687)	8,073
Financing activities		
Interest paid	(511)	(110)
Proceeds from bank borrowings	–	3,000
Repayments of bank borrowings	(859)	(557)
Repayments of lease of liabilities	(50)	(659)
Net cash (used in)/generated from financing activities	(1,420)	1,674
Net (decrease)/increase in cash and cash equivalents	(9,237)	330
Cash and cash equivalents at beginning of the period	17,115	18,608
Effect of foreign exchange rate changes	60	174
Cash and cash equivalents at the end of the period	7,938	19,112
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	7,938	19,112

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 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 on 16 April 2018.

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

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2023 have been prepared in accordance with the Hong Kong Accounting Standard 34, *Interim Financial Reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), the applicable disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622) and the GEM Listing Rules.

The unaudited condensed consolidated financial statements for the six months ended 30 September 2023 have been prepared on the historical cost basis.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

2. BASIS OF PREPARATION (continued)

The unaudited condensed consolidated financial statements do 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 2023.

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

During the period, certain new and revised Hong Kong Financial Reporting Standard ("HKFRSs") have been issued. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The Directors considered that the adoption of new and revised HKFRSs which are effective for the accounting period beginning on 1 April 2023 will not have any material impact on the preparation and presentation of the results and financial conditions of the current and previous periods. For the HKFRSs that are not yet effective nor have not been early adopted, the Group is in the process of making an assessment of the potential impact of the newly issued HKFRSs.

4. ESTIMATES

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

In preparing this condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2023.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

5. SEGMENT INFORMATION

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

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

(a) Information about major customers

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

	Three months ended 30 September		Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Customer A	9,768	9,473	14,905	13,959
Customer B	9,262	14,346	10,255	14,518
Customer C	N/A	4,319	N/A	9,963

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

5. SEGMENT INFORMATION (continued)

(b) Geographical information

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

Revenue from external customers

	Three months ended 30 September		Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
United States of America ("U.S.")	11,496	29,317	18,161	43,679
France	1,449	1,746	1,681	2,450
Other European countries (note i)	12,066	14,338	17,518	21,741
Australia	11,325	14,436	18,732	27,028
Canada	248	330	316	458
Japan	1,047	552	1,047	1,344
Other location (note ii)	360	711	378	961
	37,991	61,430	57,833	97,661

Notes:

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

5. SEGMENT INFORMATION (continued)

(b) Geographical information (continued)

Non-current assets

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Hong Kong	23,857	16,141
The PRC, excluding Hong Kong	92	129
Australia	783	–
	24,732	16,270

6. REVENUE

Disaggregated of revenue from contracts with customers:

	Three months ended 30 September		Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Sales of goods	37,991	61,430	57,833	97,661

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

7. OTHER INCOME

	Three months ended 30 September		Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Government grants	-	8	-	531
Interest income	22	32	47	80
Sundry income	16	40	38	51
	38	80	85	662

8. OTHER LOSSES AND GAINS, NET

	Three months ended 30 September		Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Net foreign exchange loss	(49)	(500)	(88)	(530)
Impairment loss recognised in respect of trade receivables, net	(1,751)	(791)	(1,858)	(340)
Bad debt recovered	55	83	138	138
(Impairment loss)/reversal of impairment loss recognised in respect of deposits and other receivables, net	(1,465)	10	(1,465)	(60)
Loss on disposal of plant and equipment	-	-	(51)	-
	(3,210)	(1,198)	(3,324)	(792)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

9. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Interest on bank overdrafts	-	6	-	42
Interest on bank borrowings	269	40	511	68
Interest on lease liabilities	9	12	10	27
	278	58	521	137

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

10. (LOSS)/PROFIT BEFORE TAX

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

	Three months ended 30 September		Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Auditors' remuneration	162	125	325	250
Depreciation of property, plant and equipment	555	65	764	130
Depreciation of right-of-use assets	36	114	48	233
Rental expenses in respect of short-term leases	647	26	1,662	58
Cost of inventories sold	27,535	46,388	42,236	74,196
Staff costs including Directors' remuneration (note)				
– Salaries and wages	4,996	4,852	9,887	9,887
– Staff benefits	10	33	149	63
– Retirement benefit scheme contributions	189	194	391	395
	5,195	5,079	10,427	10,345

Note: Staff costs including Directors' remuneration included in "Selling and distribution expenses" are salaries and wages of approximately HK\$2,900,000 (six months ended 30 September 2022: HK\$3,379,000) are retirement benefit scheme contributions of approximately HK\$213,000 (six months ended 30 September 2022: HK\$243,000).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

11. INCOME TAX EXPENSE/(CREDIT)

	Three months ended 30 September		Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Current tax – Hong Kong Profits Tax				
– Charge for the period	-	-	-	-
Deferred tax				
– Charge/(credit) for the period	632	(44)	1,443	(13)
	632	(44)	1,443	(13)

Under the two-tiered profits tax rates regime in Hong Kong, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Under the Law of the People's Republic of China (the "PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for the six months ended 30 September 2023 and 2022.

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 30 September 2023.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

12. DIVIDEND

The Board does not recommend the payment of dividends for the six months ended 30 September 2023 (six months ended 30 September 2022: nil).

13. (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 30 September		Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
(Loss)/earnings (Loss)/earnings for the purpose of calculating basic (loss)/earnings per share	(4,301)	5,048	(9,188)	5,080

	Number of shares			
	'000 (Unaudited)	'000 (Unaudited)	'000 (Unaudited)	'000 (Unaudited)
Number of shares 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 shares in issue for the three months and six months ended 30 September 2023 and 2022.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

14. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2023, the Group acquired property, plant and equipment of approximately HK\$8,734,000 (six months ended 30 September 2022: nil).

15. TRADE RECEIVABLES

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Trade receivables	16,670	11,936
Less: allowance for credit losses	(2,755)	(897)
	13,915	11,039

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

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
1-30 days	6,776	4,577
31-60 days	4,818	2,515
61-90 days	378	869
Over 90 days	1,943	3,078
	13,915	11,039

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

15. TRADE RECEIVABLES (continued)

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

The Group allows credit period up to 90 days (31 March 2023: 90 days) to its customers.

16. DEPOSITS PAID, PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Trade deposits paid	8,057	8,515
Prepayment	372	425
Other deposit paid	688	2,794
Other receivables (note (i))	1,324	4,214
	10,441	15,948
Less: Other receivables classified as non-current assets (note (ii))	-	(211)
	10,441	15,737

Note: As at 31 March 2023, amount of approximated HK\$1,465,000 represented receivables from a third party which is non-interest bearing and repayable in 15 months. On 24 October 2023, such third party has filed for bankruptcy protection under Chapter 7 of the U.S. Bankruptcy Code. In such, management considered to provide full impairment allowance of approximately HK\$1,465,000 (note 8).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

17. AMOUNTS DUE FROM RELATED COMPANIES

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

During the period ended 30 September 2023, the maximum amounts due from related companies are approximately HK\$2,766,000 (31 March 2023: HK\$2,951,000).

Amounts due from related companies are unsecured, interest free and repayable on demand.

18. AMOUNTS DUE FROM RELATED PARTY

The balance represents the amount receivable of HK\$2,500,000 from a daughter of Mr. Leung and Ms. Tam ("**Ms. Leung**") (note 20(ii)).

The balance is non-trade in nature, interest-free and repayable on demand.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

19. TRADE PAYABLES

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

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
0-30 days	3,805	2,840
31-60 days	956	506
61-90 days	293	463
Over 90 days	1,937	1,244
	6,991	5,053

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

20. BANK BORROWINGS

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Bank borrowings		
– Secured (note i and ii)	15,147	15,353
– Unsecured (note iii)	5,285	5,938
	20,432	21,291

Notes:

- (i) The secured borrowings consist of a revolving loan of HK\$7,000,000 bear interest at variable interest rate range from 6.00% to 8.24% per annum was guaranteed by Mr. Leung, Ms. Tam and HKMC Insurance Limited and pledged bank deposit of HK\$1,400,000.
- (ii) The secured borrowings consist of an outstanding balance of bank borrowings of approximately HK\$8,147,000 at 30 September 2023 (31 March 2023: HK\$8,353,000) which include (i) an instalment loan with principal amount of HK\$5,890,000 in relation to a property (“**Property A**”) owned by the Group which bearing variable interest rate range from 3.38% to 3.60% per annum and is secured by the collateral of Property A and (ii) an instalment loan with principal amount of HK\$2,500,000 in relation to a property (“**Property B**”) owned by Ms. Leung (note 18) which bearing variable interest rate range from 3.38% to 3.60% per annum and is secured by the collateral of Property B.

The Group also obtained a banking facility of HK\$12,000,000 with the guarantee made by Mr. Leung and secured by the collateral of Property A and Property B. Such banking facility has remained unutilised as at 30 September 2023 and 31 March 2023.

- (iii) The unsecured bank borrowings were guaranteed by Mr. Leung, Ms. Tam and the HKMC Insurance Limited under the Small and Medium Enterprise Guarantee Scheme as at 30 September 2023 and 31 March 2023.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

20. BANK BORROWINGS (continued)

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Within one year	8,763	8,744
Within a period of more than one year but not exceeding two years	1,630	1,806
Within a period of more than two years but not exceeding five years	2,768	3,041
Within a period of more than five years	7,271	7,700
	20,432	21,291
Less: Amounts classified as current liabilities – carrying amounts of borrowings due within one year or contain a repayment on demand clause	(20,432)	(21,291)
Amounts classified as non-current liabilities	–	–

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

21. SHARE CAPITAL

	Number of shares '000	Carrying amount HK'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 31 March 2023 (Audited) and 30 September 2023 (Unaudited)	10,000,000	100,000
Issued and fully paid:		
At 31 March 2023 (Audited) and 30 September 2023 (Unaudited)	400,000	4,000

22. CONTINGENT LIABILITIES

At 30 September 2023, the Group did not have any contingent liabilities.

23. CAPITAL COMMITMENTS

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Contracted, but not provided for in respect of acquisition of property, plant and equipment	-	1,250

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

24. MATERIAL RELATED PARTY TRANSACTIONS

(a) Related party transactions

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

	Three months ended 30 September		Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Rental expense to Joint Linker Investment Limited (note (i))	600	-	1,200	-
Handling expenses to Rich Charm Corporation Limited (note (ii))	296	457	332	680
Handling expenses to Joyful Harvest Corporation Limited (note ii)	-	-	-	167

Notes:

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

24. MATERIAL RELATED PARTY TRANSACTIONS (continued)

(b) Key management personnel compensation

	Three months ended 30 September		Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Short term employee benefits	2,513	2,466	4,981	4,985
Post-employment benefits	32	32	63	63
	2,545	2,498	5,044	5,048

(c) Outstanding balances with related companies/ related party

Details of the balances with related companies/related party are disclosed in note 17 and note 18 to the unaudited condensed consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

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

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

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

BUSINESS REVIEW

The Group recorded revenue of approximately HK\$57.8 million for the six months ended 30 September 2023, representing a decrease of approximately 40.8% as compared to the amount of approximately HK\$97.7 million for the six months ended 30 September 2022.

The Group's gross profit decreased from approximately HK\$20.4 million for the six months ended 30 September 2022 to approximately HK\$13.8 million for the six months ended 30 September 2023. The overall gross profit margin increased from 20.9% for the six months ended 30 September 2022 to approximately 23.9% for the six months ended 30 September 2023. The decrease in revenue and gross profit was mainly due to decrease in sales volume.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's loss attributable to owners of the Company of approximately HK\$9.2 million for the six months ended 30 September 2023 as compared to the profit attributable to owners of the Company of HK\$5.1 million for the six months ended 30 September 2022. The deterioration in the performance of the Group for the six months ended 30 September 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 the government of the HKSAR; (iii) increase in impairment loss recognised in respect of trade receivables and deposits and other receivables mainly related to one of the customer who has filed for bankruptcy protection under Chapter 7 of the U.S. Bankruptcy Code on 24 October 2023; 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 person of the Group for leasing five units adjacent to the Group's property.

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 bathrobe, sweater, vest and accessories, such as bags and hat, through the provision of apparel SCM services to our customers. For the six months ended 30 September 2023, the Group recorded an unaudited revenue of approximately HK\$57.8 million, representing a decrease of approximately 40.8% comparing with that of approximately HK\$97.7 million for the six months ended 30 September 2022. The significant decrease in revenue was mainly due to decrease in sales volume.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets out a breakdown of the Group's unaudited revenue by product categories for the six months ended 30 September 2023 and 2022:

Product category	Six months ended 30 September			
	2023		2022	
	HK\$'000 (Unaudited)	% (Unaudited)	HK\$'000 (Unaudited)	% (Unaudited)
Jackets	9,899	17.1	24,297	24.9
Woven shirts	12,288	21.2	14,399	14.7
Pullovers	9,628	16.6	16,752	17.2
Pants and shorts	11,413	19.7	23,368	23.9
T-shirts	5,832	10.1	8,453	8.7
Other products (note)	8,773	15.3	10,392	10.6
	57,833	100.0	97,661	100.0

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

During the six months ended 30 September 2023, the sales volume of the Group amounted to 489,908 units of finished products as compared to 839,745 units for the six months ended 30 September 2022. Set out below are the total sales quantities of each product category for each of the six months ended 30 September 2023 and 2022:

Product category	Six months ended 30 September			
	2023		2022	
	Unit sold (Unaudited)	% (Unaudited)	Unit sold (Unaudited)	% (Unaudited)
Jackets	43,131	8.8	143,000	17.0
Woven shirts	88,504	18.1	103,624	12.3
Pullovers	71,962	14.7	135,600	16.1
Pants and shorts	101,030	20.6	208,554	24.9
T-shirts	91,559	18.7	113,902	13.6
Other products (note)	93,722	19.1	135,065	16.1
	489,908	100.0	839,745	100.0

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

MANAGEMENT DISCUSSION AND ANALYSIS

The selling price of each of the product categories depends primarily on, among other things, purchase cost, our expected profit margin as well as overhead expenses. Accordingly, the selling price of our products may differ considerably in different purchase orders by different customers. Set out below is the average selling price per unit of finished product sold to our customers for each product category for the six months ended 30 September 2023 and 2022:

Product category	Six months ended 30 September		
	2023 Average selling price (Note i) HK\$ (Unaudited)	2022 Average selling price (Note i) HK\$ (Unaudited)	Rate of change % (Unaudited)
Jackets	229.5	169.9	35.1
Woven shirts	138.8	139.0	(0.1)
Pullovers	133.8	123.5	8.3
Pants and shorts	113.0	112.0	0.8
T-shirts	63.7	74.2	(14.2)
Other products (note ii)	93.6	76.9	21.6
Overall	118.0	116.3	1.5

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, bathrobe, sweater, vest and accessories such as bags and hat.

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\$77.2 million for the six months ended 30 September 2022 to approximately HK\$44.0 million for the six months ended 30 September 2023.

Gross profit and gross profit margin

The Group's gross profit decrease by approximately 32.2% from approximately HK\$20.4 million for the six months ended 30 September 2022 to approximately HK\$13.8 million for the six months ended 30 September 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 20.9% for the six months ended 30 September 2022 to approximately 23.9% for the six months ended 30 September 2023. The increase in the gross profit margin was mainly attributable to the increase in average selling price.

Other income

Other income mainly consists of (i) bank interest income, (ii) sundry income and (iii) government grants. The Group's other income decreased from approximately HK\$0.7 million for the six months ended 30 September 2022 to approximately HK\$0.1 million for the six months ended 30 September 2023. Such decrease was mainly due to absence of government grants in respect of COVID-19 subsidies provided by the Government of the HKSAR during the six months ended 30 September 2023.

Other losses and gains, net

Other losses and gains consist of (i) net foreign exchange loss, (ii) impairment loss recognised in respect of trade receivables; (iii) bad debts recovered; and (iv) impairment loss recognised in respect of deposits and other receivables. The Group's recorded other loss to approximately HK\$3.3 million for the six months ended 30 September 2023 as compared with approximately HK\$0.8 million for the six months ended 30 September 2022. The significant increase in losses was mainly due to impairment loss recognised in respect of trade receivables and deposits and other receivables from one customer who has filed for bankruptcy protection under Chapter 7 of the U.S. Bankruptcy Code on 24 October 2023. In such, management decided to make full provision on such customer.

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 slightly decreased by approximately 0.8% from approximately HK\$4.9 million for the six months ended 30 September 2022 to approximately HK\$4.8 million for the six months ended 30 September 2023.

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; and (iv) rent and government rates.

Administrative expenses increased to approximately HK\$13.0 million for the six months ended 30 September 2023 from approximately HK\$10.2 million for the six months ended 30 September 2022, representing an increase of approximately 27.1%. Such increase was mainly attributable to depreciation charges of newly acquired property, plant and equipment and short term rental expenses for the six months ended 30 September 2023.

Finance costs

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

The Group's finance costs increased from approximately HK\$0.1 million for the six months ended 30 September 2022 to approximately HK\$0.5 million for the six months ended 30 September 2023. The increase was mainly due to the increase in bank borrowings taken out by the Group to finance daily operations.

Income tax (expense)/credit

Income tax expense of the Group for the six months ended 30 September 2023 was approximately HK\$1.4 million as compared with income tax credit of approximately HK\$13,000 for the six months ended 30 September 2022. The difference between the income tax expense in the two periods was mainly due to the provision of deferred tax expense arising from the property, plant and equipment during the six months ended 30 September 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

(Loss)/profit attributable to owners of the Company

Loss attributable to owners of the Company for the period was approximately HK\$9.2 million for the six months ended 30 September 2023, as compared to profit attributable to owners of the Company of approximately HK\$5.1 million for the six months ended 30 September 2022. Such turnaround was mainly attributable to (i) decrease in both revenue and gross profit; (ii) absence of government grants in respect of COVID-19 related subsidies provided the government of the HKSAR; (iii) increase in impairment loss recognised in respect of trade receivables and deposits and other 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 person of the Group for leasing five units adjacent to the Group's property as discussed above.

DIVIDEND

The Directors do not recommend the payment of dividend for the six months ended 30 September 2023 (six months ended 30 September 2022: nil).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2023, the Group's operations were mainly financed through internally generated cash flows and borrowings from banks. As at 30 September 2023 and 31 March 2023, the Group had net current assets of approximately HK\$2.0 million and HK\$17.5 million respectively, including cash and cash equivalent of approximately HK\$7.9 million and HK\$17.1 million and pledged bank deposits of HK\$1.4 million and HK\$1.4 million, respectively. The Group's current ratio were approximately 1.0 times as at 30 September 2023 (31 March 2023: 1.5 times).

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

GEARING RATIO

The gearing ratio, which is calculated based on the total debts (include lease liabilities and bank borrowings) divided by total equity. As at 30 September 2023, the Group's gearing ratio was approximately 86.6% (31 March 2023: 63.4%), respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

PRINCIPAL RISKS AND UNCERTAINTIES

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

- (i) the Group is exposed to credit risks of our customers;
- (ii) the Group relies on several major customers and does not enter into long-term contracts with the customers. Any disruption in the business relationships with the Group's major customers may materially and adversely affect the business, prospects, financial condition and results of operations;
- (iii) the Group is subject to intense competition from competitors engaging South and Southeast Asian manufacturers, and if the Group fails to compete successfully against the competitors, the profitability and financial performance may be adversely affected;
- (iv) risks relating to the Group's business operations involving the U.S. and French and Australia customers;
- (v) the Group is dependent on third parties for the production of apparel products, any disruption in the relationships with our suppliers or their operations could adversely affect our business;
- (vi) most of our suppliers are located in the PRC and any major adverse changes to the economic, political and social conditions of the PRC may adversely affect our business and results of operations;
- (vii) most of the Group's products sold to U.S. are manufactured in the PRC, such that the PRC-U.S. trade dispute may have a material and adverse effect on our business, financial conditions and results of operations;
- (viii) any failure to maintain an effective quality control system will have a material and adverse effect on our business, financial conditions and results of operations; and
- (ix) the outbreak of COVID-19 may bring adverse impact on our business operations involving in the U.S., French and Australia customers.

MANAGEMENT DISCUSSION AND ANALYSIS

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

TREASURY POLICIES

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

CAPITAL STRUCTURE

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

As at 30 September 2023, the Company’s issued share capital was HK\$4,000,000 and the number of its issued ordinary shares was 400,000,000 of HK\$0.01 each.

PLEDGE OF ASSETS

As at 30 September 2023, a building of the Group with a carrying value of approximately HK\$15.1 million and bank deposit of HK\$1.4 million were pledged to secure a bank borrowings.

As at 31 March 2023, a building of the Group with a carrying value of approximately HK\$15.3 million and bank deposit of HK\$1.4 million were pledged to secure a bank borrowings.

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the six months ended 30 September 2023, the Group did not have any significant investments, material acquisitions nor disposals of subsidiaries and affiliated companies.

CAPITAL COMMITMENTS

Details of the capital commitments of the Group are set out in note 23 to the unaudited condensed consolidated financial statements.

CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 30 September 2023 (31 March 2023: nil).

FOREIGN EXCHANGE EXPOSURE

The business operations of the Group's subsidiaries were conducted mainly in Hong Kong with majority of the transactions being settled in Hong Kong dollars ("HK\$"), United States dollars ("US\$") and Renminbi ("RMB"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, which are denominated in a currency that is not the functional currency of the Group.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2023, the Group employed a total of 40 full-time employees (30 September 2022: 46). The Group's staff costs mainly included Directors' remuneration, salaries, other staff benefits and contributions to retirement schemes. For the six months ended 30 September 2023 and 2022, the Group's total staff costs (including Directors' remuneration) amounted to approximately HK\$10.4 million (30 September 2022: approximately HK\$10.3 million). Remuneration is determined with reference to the prevailing market terms and the performance, qualification, experience, position and seniority of individual employee.

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

FUTURE PROSPECTS

Even many countries, in which the Group has major customers, have scrapped anti-pandemic measures, the apparel retail markets have yet to fully recover. These markets are still facing many challenging issues from weak economy, high inflation and high interest rates. More customers demand for longer credit period or declining selling price which led to squeezing gross profit margin.

During this difficult year, the Group has taken a prudent approach on production cost control measures for compensating the squeezed margin. Meanwhile, in order to diversify the income stream, the Group will develop its retail brand and network.

To confront the external uncertainties, the Group will keep monitoring our existing business operations and the possible impacts brought by the economic conditions.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 September 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 September 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 PERSON INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

As at 30 September 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 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 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 30 September 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 DEBENTURES

Save as disclosed in this interim report, at no time during the six months ended 30 September 2023 was the Company or any of its subsidiaries or fellow subsidiaries a party to any arrangement that would enable the Directors or their close associates to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the six months ended 30 September 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 interim 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 the Group.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Model Code**”). The Company had also made specific enquiries to all the Directors and the Company was not aware of any non-compliance with the Model Code by the Directors during the six months ended 30 September 2023 and up to the date of this interim report.

COMPLIANCE WITH CORPORATE GOVERNANCE PRACTICES

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

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

EVENT AFTER THE REPORTING PERIOD

Save for the events disclosed in note 16 to the unaudited condensed financial statements in this interim report, there is no significant event subsequent to 30 September 2023 and up to the date of this interim report.

CORPORATE GOVERNANCE AND OTHER INFORMATION

AUDIT COMMITTEE

The Company has established the audit committee (the “**Audit Committee**”) with written terms of reference aligned with the provisions set out in Appendix 15 of the GEM Listing Rules. Currently, the Audit Committee consists of three independent non-executive Directors, namely Ms. Cheung Wai Man, Mr. Lau Yau Chuen Louis and Mr. Lee Kwun Ting, and Mr. Lau Yau Chuen Louis has been appointed as the chairman of the Audit Committee and is the independent non-executive Director with the appropriate professional qualifications.

The Audit Committee had reviewed this interim report and the unaudited condensed consolidated results of the Company for the six months ended 30 September 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, 13 November 2023

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