



**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



century

INTERIM REPORT  
**2018**

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

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

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

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*This report, for which the directors (the “Directors”) of i.century Holding Limited (the “Company”, and together with its subsidiaries, the “Group”) 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 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 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

Ms. Lee Yin Mei  
*(Re-designated from Independent Non-Executive Director to Executive Director on 8 August 2018)*

#### **Independent Non-Executive Directors**

Ms. Cheung Wai Man

Mr. Lau Yau Chuen Louis

Mr. Lee Kwun Ting  
*(Appointed on 8 August 2018)*

### **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  
*(Appointed on 8 August 2018)*

Ms. Lee Yin Mei  
*(Resigned on 8 August 2018)*

### **REMUNERATION COMMITTEE**

Ms. Lee Kwun Ting *(Chairman)*  
*(Appointed on 8 August 2018)*

Ms. Cheung Wai Man

Mr. Lau Yau Chuen Louis

Ms. Lee Yin Mei  
*(Resigned on 8 August 2018)*

### **NOMINATION COMMITTEE**

Mr. Leung Kwok Hung Wilson *(Chairman)*

Ms. Cheung Wai Man

Mr. Lau Yau Chuen Louis

Mr. Lee Kwun Ting  
*(Appointed on 8 August 2018)*

Ms. Lee Yin Mei  
*(Resigned on 8 August 2018)*

### **AUDITOR**

HLB Hodgson Impey Cheng Limited

### **REGISTERED OFFICE**

Cricket Square

Hutchins Drive

PO Box 2681

Grand Cayman KY1-1111

Cayman Islands

**HEADQUARTERS AND  
PRINCIPAL PLACE OF  
BUSINESS**

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Lai Chi Kok  
Kowloon, Hong Kong

**PRINCIPAL SHARE  
REGISTRAR AND  
TRANSFER OFFICER**

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**

Tricor Investor Services Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

**PRINCIPAL BANKER**

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

**COMPLIANCE ADVISER**

Messis Capital Limited

**STOCK CODE**

8507

**COMPANY WEBSITE**

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

## FINANCIAL HIGHLIGHTS

- The Group recorded an unaudited revenue of approximately HK\$78.2 million for the six months ended 30 September 2018 (six months ended 30 September 2017: audited revenue approximately HK\$69.8 million), representing an increase of approximately 11.9% over the same period in 2017.
- The unaudited loss of the Group for the six months ended 30 September 2018 was approximately HK\$5.1 million (six months ended 30 September 2017: audited loss of approximately HK\$1.2 million).
- The Board does not recommend the payment of any dividend for the six months ended 30 September 2018 (six months ended 30 September 2017: nil).

## INTERIM RESULTS

The board of Directors (the "Board") of the Company hereby announces the following unaudited condensed consolidated results of the Group for the three months and six months ended 30 September 2018 together with comparable figures for the corresponding period in 2017.

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

For the three months and six months ended 30 September 2018

	Notes	Three months ended 30 September		Six months ended 30 September	
		2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Audited)
<b>Revenue</b>	6	<b>45,216</b>	38,780	<b>78,177</b>	69,843
Cost of sales		<b>(41,226)</b>	(29,727)	<b>(66,550)</b>	(52,991)
<b>Gross profit</b>		<b>3,990</b>	9,053	<b>11,627</b>	16,852
Other income	7	<b>114</b>	481	<b>142</b>	522
Other gains	8	<b>205</b>	223	<b>389</b>	250
Selling and distribution expenses		<b>(1,759)</b>	(1,105)	<b>(3,084)</b>	(2,291)
Administrative expenses		<b>(4,039)</b>	(1,789)	<b>(7,322)</b>	(3,765)
Listing expenses		<b>-</b>	(6,194)	<b>(6,149)</b>	(10,616)
Finance costs	9	<b>(110)</b>	(165)	<b>(238)</b>	(232)
<b>(Loss)/profit before tax</b>	10	<b>(1,599)</b>	504	<b>(4,635)</b>	720
Income tax credit/(expense)	11	<b>161</b>	(1,040)	<b>(490)</b>	(1,870)
<b>Loss and total comprehensive expense for the period attributable to owners of the Company</b>		<b>(1,438)</b>	(536)	<b>(5,125)</b>	(1,150)
<b>Loss per share</b>					
Basic and diluted (HK\$)	13	<b>(0.004)</b>	(0.002)	<b>(0.013)</b>	(0.004)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

	Notes	As at 30 September 2018 HK\$'000 (Unaudited)	As at 31 March 2018 HK\$'000 (Audited)
<b>Non-current asset</b>			
Property, plant and equipment	14	7,510	7,080
<b>Current assets</b>			
Inventories		247	–
Trade receivables	15	26,209	12,292
Deposits, prepayments and other receivables		6,768	13,014
Amounts due from related companies	16	–	47
Amount due from a shareholder	16	371	–
Bank balances and cash		41,555	6,510
		<b>75,150</b>	31,863
<b>Current liabilities</b>			
Trade payables	17	12,537	3,789
Other payables and accruals		1,862	1,456
Trade deposit received		2,757	4,251
Amounts due to related companies	16	406	–
Amount due to a shareholder	16	–	13
Borrowings	18	1,821	8,685
Tax payable		458	52
		<b>19,841</b>	18,246
<b>Net current assets</b>		<b>55,309</b>	13,617
<b>Total assets less current liabilities</b>		<b>62,819</b>	20,697
<b>Equity attributable to owners of the Company</b>			
Share capital	19	4,000	–
Reserves		58,758	20,645
<b>Total equity</b>		<b>62,758</b>	20,645
<b>Non-current liability</b>			
Deferred tax		61	52
		<b>62,819</b>	20,697



## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2018

	Attributable to owners of the Company				
	Share capital	Share premium	Contribution reserve	Retained earnings	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Note 19)	(Note 19)	(Note)		
At 1 April 2017 (Audited)	-	-	-	17,904	17,904
Shares issued upon incorporation	-	-	-	-	-
Loss and total comprehensive expenses for the period	-	-	-	(1,150)	(1,150)
At 30 September 2017 (Audited)	-	-	-	16,754	16,754
<b>At 1 April 2018 (Audited)</b>	-	-	-	<b>20,645</b>	<b>20,645</b>
Shares issued pursuant to the Capitalisation	<b>3,000</b>	<b>(3,000)</b>	-	-	-
Shares issued pursuant to the Listing	<b>1,000</b>	<b>57,000</b>	-	-	<b>58,000</b>
Listing expenses charged to share premium	-	<b>(10,762)</b>	-	-	<b>(10,762)</b>
Loss and total comprehensive expense for the period	-	-	-	<b>(5,125)</b>	<b>(5,125)</b>
<b>At 30 September 2018 (Unaudited)</b>	<b>4,000</b>	<b>43,238</b>	-	<b>15,520</b>	<b>62,758</b>

Note: Contribution reserve of the Group represents difference between the aggregated share capital of the subsidiaries and one nil paid share of the Company issued and applied as fully paid pursuant to the Reorganisation (as defined in note 1) for transfer of the subsidiaries to the Company. The balance was approximately HK\$4.

## UNAUDITED CONDENSED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2018

	Six months ended 30 September	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Audited)
<b>Operating activities</b>		
Cash used in operating activities	(4,551)	(1,613)
Income tax paid	(74)	(49)
<b>Net cash used in operating activities</b>	<b>(4,625)</b>	<b>(1,662)</b>
<b>Investing activities</b>		
Interest received	5	2
Purchase of property, plant and equipment	(540)	(34)
Decrease in amounts due from related companies	453	452
Increase in amount due from a shareholder	(383)	(4,129)
<b>Net cash used in investing activities</b>	<b>(465)</b>	<b>(3,709)</b>
<b>Financing activities</b>		
Interest paid	(239)	(232)
Proceeds from bank borrowings	–	10,000
Repayment of bank borrowings	(7,962)	(5,661)
Issuance of ordinary shares pursuant to the Listing	58,000	–
Payment of listing expenses	(10,762)	–
<b>Net cash generated from financing activities</b>	<b>39,037</b>	<b>4,107</b>

	<b>Six months ended 30 September</b>	
	<b>2018 HK\$'000 (Unaudited)</b>	<b>2017 HK\$'000 (Audited)</b>
<b>Net increase/(decrease) in cash and cash equivalents, net of bank overdrafts</b>	<b>33,947</b>	(1,264)
Cash and cash equivalents at beginning of the period, net of bank overdrafts	<b>6,510</b>	5,400
<b>Cash and cash equivalents at the end of the period, net of bank overdrafts</b>	<b>40,457</b>	4,136
<b>Analysis of the balances of cash and cash equivalents</b>		
Bank balances and cash	<b>41,555</b>	12,173
Bank overdrafts	<b>(1,098)</b>	(8,037)
	<b>40,457</b>	4,136

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2018*

## **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 Unit 212-215, 2/F., Elite Industrial Centre, No.883 Cheung Sha Wan Road, Lai Chi Kok, Kowloon, Hong Kong. The Company's immediate holding company is Giant Treasure Development Limited ("Giant Treasure"), a company incorporated in the British Virgin Islands ("BVI"). Giant Treasure is controlled by Mr. Leung Kwok Hung Wilson and Ms. Tam Shuk Fan, the Directors of the Company (the "Director").

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

Pursuant to the reorganisation of the Group (the "Reorganisation") in connection with the listing of the shares of the Company on GEM, the Company became the holding company of the companies comprising the Group on 20 March 2018. Details of the Reorganisation are set out under the section headed "History, Reorganisation and Corporate Structure" in the Prospectus of the Company dated 29 March 2018 (the "Prospectus").

The shares of the Company (the "Shares") have been listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") by way of placing and public offer (collectively the "Share Offer") on 16 April 2018 (the "Listing Date").

## **1. General Information (continued)**

On the Listing Date, a total of 120,000,000 Shares with nominal value of HK\$0.01 each were offered at the final offer price of HK\$0.58 per share under the Share Offer, the Share Offer comprised the placing and the public offer with a total of 120,000,000 Shares. The placing comprised 64,000,000 new Shares being issued by the Company for subscription and 20,000,000 Sale Shares being offered by the selling shareholder for sale together representing approximately 21.0% of the enlarged issued share capital of the Company. Under the public offer, 36,000,000 Shares, representing 9.0% of the enlarged issued share capital of the Company were issued for subscription by members of the public in Hong Kong. The net proceeds received by the Company from the Share Offer, after deduction of the underwriting commission and related expenses in connection with the Share Offer, was approximately HK\$31,000,000.

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.

These unaudited condensed consolidated interim financial information have not been audited.

## **2. Basis of Preparation**

The unaudited condensed consolidated financial statements have been prepared in accordance with the Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and with the applicable disclosure requirements of the GEM Listing Rules.

The unaudited condensed consolidated financial information has been prepared in accordance with the same accounting policies adopted in the Group’s annual financial statements for the year ended 31 March 2018, except for the adoption of new standards and amendments to existing standards as set out in note 3.

The unaudited condensed consolidated financial information has been prepared on the historical cost basis.

The preparation of unaudited condensed consolidated interim financial information in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

## 2. *Basis of Preparation (continued)*

The unaudited condensed consolidated interim financial information contains unaudited condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to the understanding of the changes in financial position and performance of the Group since the 2018 annual financial statements. The unaudited condensed consolidated financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs.

## 3. *Significant Accounting Policies*

The HKICPA has issued a number of new and amendments to HKFRSs that are first effective for the current accounting period of the group. Of these, the following developments are relevant to the group's financial statements:

HKFRS 9 *Financial Instruments*

HKFRS 15 *Revenue from Contracts with Customers*

### *HKFRS 9 Financial Instruments*

HKFRS 9 Financial Instruments replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 April 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has not restated comparative information for financial instruments in the scope of HKFRS 9. Therefore, the comparative information is reported under HKAS 39 and is not comparable to the information presented for the six months ended 30 September 2018. Differences arising from the adoption of HKFRS 9 have been recognised directly in reserves as of 1 April 2018.

### 3. **Significant Accounting Policies (continued)**

#### *HKFRS 9 Financial Instruments (continued)*

##### **Classification and measurement**

To determine the classification and measurement category, HKFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

The HKAS 39 measurement categories of financial assets, including financial assets at fair value through profit or loss, loans and receivables, available-for-sale financial investments and held-to-maturity investments have been replaced by:

- Debt instruments at amortised cost;
- Debt instruments at fair value through other comprehensive income, with gains or losses recycled to profit or loss on derecognition;
- Equity instruments at fair value through other comprehensive income, with no recycling of gains or losses to profit or loss on derecognition; and
- Financial assets at fair value through profit or loss.

The accounting for financial liabilities remains largely the same as it was under HKAS 39.

Under HKFRS 9, embedded derivatives are no longer separated from a host financial asset. Instead, financial assets are classified based on the business model and their contractual terms. The accounting for derivatives embedded in financial liabilities and in non-financial host contracts has not changed.

As of 1 April 2018, the Group's loans and receivables under HKAS 39, including trade receivables, amounts due from related companies, amount due from a shareholder and bank balances and cash, were transferred to debt instruments at amortised cost under HKFRS 9.



### **3. Significant Accounting Policies (continued)**

#### ***HKFRS 9 Financial Instruments (continued)***

##### **Impairment of financial assets**

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the failure of a debtor to engage in a repayment plan with the Group.

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

#### ***HKFRS 15 Revenue from Contracts with Customers***

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

### **3. Significant Accounting Policies (continued)**

#### ***HKFRS 15 Revenue from Contracts with Customers (continued)***

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. In accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue and HKAS 11 Construction Contracts and the related interpretations. At the date of initial application, there is no difference recognised in the opening retained profits and no comparative information has been restated.

### **4. Estimates**

The preparation of interim 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 unaudited condensed consolidated interim 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 2018.

## 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

	Three months ended 30 September		Six months ended 30 September	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Audited)
Customer A	N/A <sup>1</sup>	3,695	N/A <sup>1</sup>	7,005
Customer B	15,792	11,283	28,700	26,044
Customer C	10,241	N/A <sup>1</sup>	11,597	N/A <sup>1</sup>

<sup>1</sup> Revenue from the customer is less than 10% of the total revenue from the Group.

## 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 asset is based on the physical location of the assets.

#### Revenue from external customers

	Three months ended 30 September		Six months ended 30 September	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Audited)
United States of America ("U.S.")	26,157	20,228	44,593	35,560
France	11,051	5,829	18,922	16,162
Other European countries (Note i)	1,960	1,405	3,676	3,392
Australia	2,219	5,194	4,168	6,358
Canada	182	191	630	729
Japan	1,585	1,279	2,015	1,866
Other location (Note ii)	2,062	4,654	4,173	5,776
	45,216	38,780	78,177	69,843

Notes:

- (i) Other European countries include Netherlands and United Kingdom.
- (ii) Other locations include Hong Kong, Tahiti, Israel, South Korea and Argentina.

#### Non-current asset

All non-current assets of the Group are physically located in Hong Kong.

## 6. Revenue

Revenue represents the sales of apparel products with the provision of apparel SCM services.

	Three months ended 30 September		Six months ended 30 September	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Audited)
Sales of goods	45,216	38,780	78,177	69,843

## 7. Other Income

	Three months ended 30 September		Six months ended 30 September	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Audited)
Interest income	4	2	5	2
Trade claim	-	465	-	465
Sundry income	110	14	137	55
	114	481	142	522

## 8. Other Gains

	Three months ended 30 September		Six months ended 30 September	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Audited)
Net foreign exchange gain	150	114	224	141
Reversal of impairment loss recognised in respect of trade receivables (Note 15)	55	109	165	109
	<b>205</b>	223	<b>389</b>	250

## 9. Finance Costs

	Three months ended 30 September		Six months ended 30 September	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Audited)
Bank overdrafts interest	104	90	202	145
Loans interest	6	75	36	87
	<b>110</b>	165	<b>238</b>	232

## 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	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Audited)
Auditors' remuneration	100	–	200	10
Depreciation of property, plant and equipment	60	49	110	98
Minimum lease payments under operating leases in respect of office premises	248	226	475	453
Commission expense	18	–	18	–
Cost of goods sold	39,369	29,322	64,060	52,503
Staff costs including Directors' remuneration (Note)				
– Salaries and wages	2,497	1,752	4,533	3,496
– Staff benefits	33	10	95	38
– Retirement benefit scheme contributions	93	75	173	150
	<b>2,623</b>	1,837	<b>4,081</b>	3,684

Note: Staff costs including Directors' remuneration included in "Selling and distribution expenses" are salaries and wages of approximately HK\$2,324,000 (six months ended 30 September 2017: HK\$2,001,000) and retirement benefit scheme contributions of approximately HK\$108,000 (six months ended 30 September 2017: HK\$99,000)

## 11. Income Tax (Credit)/Expense

	Three months ended 30 September		Six months ended 30 September	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Audited)
Current tax – Hong Kong Profits Tax				
– Charge for the period	(183)	1,043	464	1,870
– Under-provision in prior year	15	–	17	–
	(168)	1,043	481	1,870
Deferred tax				
– Charge for the period	7	(3)	9	–
	(161)	1,040	490	1,870

Hong Kong Profits tax is calculated at 16.5% of the estimated assessable profits for both periods.

## 12. Dividend

The Board does not recommend the payment of dividend for the six months ended 30 September 2018 and 2017.



### 13. Loss Per Share

	Three months ended 30 September		Six months ended 30 September	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Audited)
<b>Loss</b>				
Loss for the purpose of calculating basic loss per share	(1,438)	(536)	(5,125)	(1,150)

  

	2018	2017	2018	2017
	'000 (Unaudited)	'000 (Unaudited)	'000 (Unaudited)	'000 (Audited)
<b>No. of Shares</b>				
Weighted average number of ordinary shares for the purpose of basic loss per share	400,000	300,000	400,000	300,000

For the six months ended 30 September 2018, the number of ordinary shares for the purpose of calculating basic loss per share has been retrospectively adjusted for the effects of the Reorganisation and the Capitalisation Issue (as defined in the Prospectus) which was completed on 16 April 2018. It does not take into account of issue of new shares pursuant to the Share Offer (as defined in the Prospectus) which took place after 30 September 2017.

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

## 14. Property, Plant and Equipment

During the six months ended 30 September 2018, the Group acquired plant and equipment with a cost of approximately HK\$540,000 (six months ended 30 September 2017: approximately HK\$34,000).

## 15. Trade Receivables

	As at 30 September 2018 HK\$'000 (Unaudited)	As at 31 March 2018 HK\$'000 (Audited)
Trade receivable	30,490	16,738
Less: allowance for doubtful debts (Note 8)	(4,281)	(4,446)
	26,209	12,292

## 15. Trade Receivables (continued)

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

	As at 30 September 2018 HK\$'000 (Unaudited)	As at 31 March 2018 HK\$'000 (Audited)
1-30 days	5,911	2,109
31-60 days	9,645	2,269
61-90 days	1,709	3,352
Over 90 days	8,944	4,562
	<b>26,209</b>	12,292

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

The Group allows an average credit period ranged from 30 days to 60 days to its customers.

## 16. Balances With Related Companies and A Shareholder

	As at 30 September 2018		As at 31 March 2018	
	Maximum balance outstanding during the period HK\$'000 (Unaudited)	Maximum balance outstanding during the period HK\$'000 (Unaudited)	Maximum balance outstanding during the period HK\$'000 (Audited)	Maximum balance outstanding during the period HK\$'000 (Audited)
<b>Amounts due (to)/from related companies</b>				
Joint Linker Investment Limited ("Joint Linker") (Note ii)	N/A	(242)	168	4
Turbo Profit Investment Limited ("Turbo Profit") (Note ii)	N/A	(164)	181	43
		(406)		47
<b>Amount due from/(to) a shareholder</b>				
Mr. Leung Kwok Hung Wilson	371	371	4,949	(13)

Notes:

- (i) N/A: not applicable
- (ii) The related companies are controlled by Mr. Leung Kwok Hung Wilson and Ms. Tam Shuk Fan, who are the controlling shareholders and executive directors of the Company.

Balances with related companies and a shareholder are non-trade in nature, unsecured, interest-free and repayable in demand.

## 17. Trade Payables

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

	As at 30 September 2018 HK\$'000 (Unaudited)	As at 31 March 2018 HK\$'000 (Audited)
0-30 days	<b>6,352</b>	211
31-60 days	<b>2,968</b>	227
61-90 days	<b>140</b>	148
Over 90 days	<b>3,077</b>	3,203
	<b>12,537</b>	3,789

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

## 18. Borrowings

	As at 30 September 2018 HK\$'000 (Unaudited)	As at 31 March 2018 HK\$'000 (Audited)
<i>Within 1 year or on demand:</i>		
Bank borrowings – secured and guaranteed	723	5,933
Bank overdrafts	1,098	2,752
	<b>1,821</b>	8,685

As at 30 September 2018, the bank borrowings facilities and bank overdrafts granted to the Group are secured and guaranteed by the followings:

- (a) Corporate guarantee executed by the Company amounting to HK\$19,000,000; and
- (b) The Group's buildings amounting to approximately HK\$6,910,000.

The entire balances of bank borrowings and bank overdrafts are secured, guaranteed and carried variable rate of interest. The floating-rate bank borrowings carry interests at premiums over or discounts to Hong Kong Interbank Offered Rate or Prime Rates quoted by a bank in Hong Kong. The effective interest rate on Bank borrowings and bank overdrafts is ranging from 3.00% to 5.75% per annum and 2.74% to 5.75% per annum as at 30 September 2018 and 31 March 2018 respectively.

## 19. Share Capital

	Notes	Number of share	Nominal value HK\$'000
<b>Authorised:</b>			
Ordinary shares of HK\$0.01 each upon incorporation	(i)	38,000,000	380
Increase in the authorised share capital	(ii)	9,962,000,000	99,620
<b>As at 31 March 2018, 1 April 2018 and 30 September 2018</b>			
		10,000,000,000	100,000
<b>Issued and fully paid:</b>			
Ordinary shares of HK\$0.01 upon incorporation	(i)	1,000	–
<b>At 31 March 2018 and 1 April 2018</b>			
		1,000	–
Shares issued pursuant to the capitalisation	(iv)	299,999,000	3,000
Shares issued pursuant to the listing	(v)	100,000,000	1,000
<b>As at 30 September 2018</b>			
		400,000,000	4,000

## 19. Share Capital (continued)

Notes:

- (i) The Company was incorporated on 20 June 2017 with authorised share capital of HK\$380,000 divided into 38,000,000 ordinary shares of HK\$0.01 each and has not carried on any business since the date of incorporation except for the Reorganisation. On the date of incorporation, one nil-paid share was allotted and issued. On 26 August 2017, 999 shares were allotted and issued as fully paid to Giant Treasure at par, with the consideration of HK\$9.99.
- (ii) By a shareholder's resolution dated 20 March 2018, the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 shares with par value of HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 shares of HK\$0.01 each by creation of an additional 9,962,000,000 shares of HK\$0.01 each.
- (iii) On 20 March 2018, as part of the Reorganisation, Mr. Leung Kwok Hung Wilson and Ms. Tam Shuk Fan entered into the shares swap agreement with the Company pursuant to which Mr. Leung and Ms. Tam transferred all of the issued share capital owned in each of Majestic City International Limited ("Majestic City International") and Majestic City Enterprises Holdings limited (Formerly known as Success Great Corporation limited) ("Majestic City Enterprises") to Century Momentum Group Limited ("Century Momentum") as nominated by the Company which in turn credit the one nil paid Share held by Giant Treasure as fully paid in consideration of such shares transfer. Immediately after such shares transfer, Giant Treasure remained as sole registered holder of 100.0% shareholding of the Company. As a result of such shares transfer, each of Majestic City International and Majestic City Enterprises became a wholly-owned subsidiary of Century Momentum.
- (iv) Upon listing on 16 April 2018 and Share premium account of the Company being credited as a result of the Share Offer in note 1, a sum of HK\$2,999,990 standing to the credit of the share premium account will be applied in paying up in full 299,999,000 Shares for allotment and issue to Giant Treasure ("Capitalisation Issue").
- (v) Upon the completion of the listing on 16 April 2018, the Company has issued a total of 100,000,000 ordinary shares of HK\$0.01 each at a price of HK\$0.58 per share for a total consideration of HK\$58,000,000.
- (vi) Following the completion of the Share Offer and the Capitalisation Issue, the authorised share capital of our Company will be HK\$100,000,000 divided into 10,000,000,000 Shares and the issued share capital of the Company will be HK\$4,000,000 divided into 400,000,000 Shares fully paid or credited as fully paid.



## 20. 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:

	Six months ended 30 September	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Audited)
Purchase of inventories from Jiangmen Majestic Apparel Limited ("Jiangmen Majestic") (Note)	–	7,693
Rental expense to Joint Linker	246	246
Rental expense to Turbo Profit	207	207

Note: Jiangmen Majestic was controlled by Ms. Tam Shuk Fan, who is the controlling shareholder and executive director of the Company. On 21 August 2017, Ms. Tam resigned as a director of Jiangmen Majestic and disposed of all the controlling interest to an independent third party. After the disposal aforementioned, Ms. Tam no longer has any direct or indirect shareholding interest in Jiangmen Majestic. Hence, Jiangmen Majestic is no longer related to the Group.

The transactions were conducted at terms and conditions mutually agreed between the relevant parties. The Directors are of the opinion that those related party transactions were conducted in the normal ordinary course of business of the Group.

## 20. Material Related Party Transactions (continued)

### (b) Remuneration of directors and emoluments of key management

	Six months ended 30 September	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Audited)
Short term employee benefits	1,269	1,081
Post-employment benefits	35	40
	1,304	1,121

### (c) Outstanding balances with related companies and a shareholder

Details of the Group's balances with related companies, a shareholder are disclosed in note 16 of the unaudited condensed consolidated financial statements.

## MANAGEMENT DISCUSSION AND ANALYSIS

### ***Business Review***

The Group recorded revenue of approximately HK\$78.2 million for the six months ended 30 September 2018, representing an increase of approximately 11.9% as compared to the amount of approximately HK\$69.8 million for the corresponding period. Meanwhile, the gross profit decreased from HK\$16.9 million for the six months ended 30 September 2017 to HK\$11.6 million for the six months ended 30 September 2018. The significant decline mainly due to U.S. customers changed to a conservative procurement attitude due to their raising concern over current status of the trade conflicts between People's Republic of China ("PRC") and the U.S. and the Group accepted orders from two major customers at competitive prices due to their bulk orders in volume. As a result, the Group's loss and total comprehensive expenses attributable to owners of the Company increase to approximately HK\$5.1 million for the six months ended 30 September 2018 compared to the amount of approximately HK\$1.2 million for the corresponding period.

On 16 April 2018, the Shares were successfully listed on GEM by way of placing and public offer (collectively the "Share Offer"). After deducting all the relevant commission and expenses in connection with the Share Offer, there are approximately HK\$31.0 million of net proceeds from the Share Offer. During the period from the Listing Date to 30 September 2018, approximately HK\$5.3 million was utilised in accordance with the business strategies as set out in the Company's prospectus dated 29 March 2018 in relation to the Share Offer (the "Prospectus"). Further details are set out in the section headed "Use of Proceeds" in this report.

## Financial Review

### Revenue

The Group recorded the revenue of approximately HK\$78.2 million for the six months ended 30 September 2018, representing an increase of approximately 11.9% comparing with that of approximately HK\$69.8 million for the six months ended 30 September 2017.

The following table sets out a breakdown of the Group's revenue by product categories for the six months ended 30 September 2018 and 2017:

	Six months ended 30 September			
	2018		2017	
	HK\$'000	%	HK\$'000	%
Jackets	45,758	58.5	45,503	65.2
Woven shirts	7,888	10.1	6,565	9.4
Pullover	13,042	16.7	3,228	4.6
Pants and shorts	6,252	8.0	8,027	11.5
T-shirts	2,074	2.7	5,270	7.5
Other products (Note)	3,163	4.0	1,250	1.8
	78,177	100.0	69,843	100.0

During the six months ended 30 September 2018, the sales volume of the Group amounted to 742,913 units of finished products. Set out below are the total sales quantities of each product category for each of the six months ended 30 September 2018 and 2017:

	Six months ended 30 September			
	2018		2017	
	Unit sold	%	Unit sold	%
Jackets	<b>297,538</b>	<b>40.1</b>	266,050	48.3
Woven shirts	<b>62,364</b>	<b>8.4</b>	48,384	8.8
Pullover	<b>253,270</b>	<b>34.1</b>	31,202	5.7
Pants and shorts	<b>67,216</b>	<b>9.0</b>	76,220	13.9
T-shirts	<b>41,334</b>	<b>5.6</b>	117,534	21.3
Other products (Note)	<b>21,191</b>	<b>2.8</b>	11,013	2.0
	<b>742,913</b>	<b>100.0</b>	550,403	100.0

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

The selling price of each of the product categories depends primarily on, among other things, overhead expenses, purchase cost, as well as our expected profit margin. 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 2018 and 2017:

	Six months ended 30 September		
	2018 Average selling price (Note) HK\$	2017 Average selling price (Note) HK\$	Rate of change %
Jackets	153.8	171.0	(10.1)
Woven shirts	126.5	135.7	(6.8)
Pullover	51.5	103.5	(50.2)
Pants and shorts	93.0	105.3	(11.7)
T-shirts	50.2	44.8	12.0
Other products (Note)	149.3	113.5	31.5
Overall	105.2	126.9	(17.1)

Note: The average selling price represents the revenue for the period divided by the total sales quantities for the period.

### *Cost of sales*

Cost of sales primarily consists of cost of goods sold, raw materials and consumable used, freight and transportation, laboratory test and inspection fee, declaration and license charges and other charges. The cost of sales increased to approximately HK\$66.6 million for the six months ended 30 September 2018 from approximately HK\$53.0 million for the six months ended 30 September 2017, representing an increase of approximately 25.6%. Such increase was in line with the increase in total sales volume.

### *Gross profit and gross profit margin*

The Group's gross profit decreased by approximately HK\$5.2 million from approximately HK\$16.9 million for the six months ended 30 September 2017 to approximately HK\$11.6 million for the six months ended 30 September 2018. The Group's gross profit margin decreased to approximately 14.9% for the six months ended 30 September 2018 from approximately 24.1% for the six months ended 30 September 2017. The decrease in gross profit and gross profit margin of the Group was mainly due to U.S. customers changed to a conservative procurement attitude due to their raising concern over current status of the trade conflicts between PRC and U.S. and the Group accepted orders from two major customers at competitive prices due to their bulk orders in volume.

### *Other income*

Other income mainly consists of (i) bank interest income; and (ii) sundry income. The Group's other income decreased by approximately 72.8% from approximately HK\$0.5 million for the six months ended 30 September 2017 to approximately HK\$0.1 million for the six months ended 30 September 2018. The decrease was mainly attributable to no trade claim received by the Group.

### *Other gains*

Other gains consist of (i) net foreign exchange gains and (ii) reversal of impairment loss recognised in respect of trade receivables. The Group's recorded other gains to approximately HK\$0.4 million for the six months ended 30 September 2018 as compared with other gains of approximately HK\$0.3 million for the six months ended 30 September 2017. The increase in other gains was mainly attributable to the increase in foreign exchange gain and the reversal of impairment loss recognised in respect of trade receivable.

### *Selling and distribution expenses*

Selling and distribution expenses mainly consist of (i) overseas travelling and (ii) salaries and mandatory provident fund for merchandising staff. Selling and distribution expenses increased by approximately 34.6% from approximately HK\$2.3 million for the six months ended 30 September 2017 to approximately HK\$3.1 million for the six months ended 30 September 2018. The net increase in the selling and distribution expenses was mainly attributable to the annual salary increment and increase in merchandising headcounts in line with the Group business expansion and revenue growth.

### *Administrative expenses*

Administrative expenses primarily comprise (i) Director's remuneration; (ii) staff costs and benefits for general and administrative staff; (iii) legal and professional fee, accountancy fee and compliance costs; (iv) entertainment expenses; and (v) rent and government rates.

Administrative expenses increased to approximately HK\$7.3 million for the six months ended 30 September 2018 from approximately HK\$3.8 million for the six months ended 30 September 2017, representing an increase of approximately 94.5%. Such an increase was mainly due to the recurrence of legal and professional fee after the listing, annual salary increment for administrative staff and entertainment expenses.

### *Listing expenses*

The Group recognised non-recurring listing expenses of approximately HK\$6.1 million for the six months ended 30 September 2018 whilst there was approximately HK\$10.6 million of non-recurring listing expenses recognised for the six months ended 30 September 2017.

### *Finance costs*

The Group's finance costs slightly increased by approximately 2.6%, from approximately HK\$0.2 million for the six months ended 30 September 2017 to approximately HK\$0.2 million for the six months ended 30 September 2018. 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 decreased by approximately HK\$1.4 million from approximately HK\$1.9 million for the six months ended 30 September 2017 to approximately HK\$0.5 million for the six months ended 30 September 2018. The decrease was mainly due to the decrease in profit before tax (excluding listing expenses) from approximately HK\$11.3 million for the six months ended 30 September 2017 to approximately HK\$1.5 million for the six months ended 30 September 2018.

### *Loss and total comprehensive expense attributable to owners of the Company*

Loss and total comprehensive expense for the period increase from approximately HK\$1.2 million for the six months ended 30 September 2017 to approximately HK\$5.1 million for the six months ended 30 September 2018. Such increase was mainly attributable to the net effect of (i) the decrease in gross profit and (ii) the increase in administrative expenses as discussed above.

### *Dividend*

The Board does not recommend the payment of dividend for the six months ended 30 September 2018 (Six months ended 30 September 2017: Nil).

## **LIQUIDITY AND FINANCIAL RESOURCES**

During the six months ended 30 September 2018, the Group's operations were mainly financed through internally generated cash flows, borrowings from banks and Net Proceeds raised from the Share Offer. As at 30 September 2018 and 31 March 2018, the Group had net current assets of approximately HK\$55.3 million and HK\$13.6 million respectively, including cash and bank balances of approximately HK\$41.6 million and HK\$6.5 million respectively. The Group's current ratio increased from approximately 1.7 times as at 31 March 2017 to approximately 3.8 times as at 30 September 2018. Such an increase was mainly attributable to the increase in bank balances and cash, and the repayment of bank borrowings as at 30 September 2018.

## ***Gearing ratio***

As at 30 September 2018, the Group's gearing ratio, calculated based on the borrowings divided by total equity, was 2.9% (31 March 2018: 42.1%). The Group's borrowings have not been hedged by any interest rate financial instruments. The Group's financial position is sound and strong. With available bank balances and cash and banking credit facilities, the Group has sufficient liquidity to satisfy its funding requirements.

## ***Treasury Policies***

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the period. The Group strives to reduce exposure to credit risk by performance ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

## ***Capital Structure***

The shares of the Company (the "Shares") were successfully listed on GEM of the Stock Exchange on 16 April 2018. There has been no change in the capital structure of the Group since then. The share capital of the Group only comprises ordinary Shares.

As at 30 September 2018, the Company's issued share capital amounting to HK\$4.0 million divided by 400,000,000 shares of HK\$0.01 each.

## ***Pledge of Assets***

As at 30 September 2018, buildings of the Group with a carrying value of approximately HK\$6.9 million (31 March 2018: approximately HK\$7.0 million) had been pledged to secure bank loans of the Group.

## ***Significant Investments***

As at 30 September 2018, the Group did not hold any significant investments.

## ***Material Acquisitions or Disposals of Subsidiaries And Affiliated Companies***

During the six months ended 30 September 2018, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies save for those reorganisation activities done for the purpose of listing of the Company as set out in the paragraph headed “Reorganisation” under the section headed “History, Reorganisation and Corporate Structure” in the Prospectus.

## ***Future Plans For Material Investments And Capital Assets***

Save as those disclosed in the Prospectus of the Company, the Group currently has no plan for material investments and capital assets.

## ***Commitments***

The Group’s contractual commitments were primarily related to the leases of its office premises. The Group’s operating lease commitments amounted to approximately HK\$1.4 million as at 30 September 2018 (31 March 2018: approximately HK\$1.8 million).

Operating lease payments mainly represent rental expenses payable by the Group to a related entity controlled by Mr. Leung Kwok Hung Wilson and Ms. Tam Shuk Fan for its office premises. Leases are negotiated for the fixed term of three years and rentals are fixed over the lease term. As at 30 September 2018, the Group did not have any other significant capital commitments (31 March 2018: Nil).

## ***Contingent Liabilities***

The Group did not have material contingent liabilities as at 30 September 2018 (31 March 2018: HK\$Nil).

## ***Foreign Exchange Exposure***

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

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

The transactions and monetary assets denominated in RMB and Great Britain Pound (“GBP”) are minimal, the Group considers there have no significant foreign exchange risk in respect of RMB and GBP.

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

## ***Employees and Remuneration Policies***

As at 30 September 2018, the Group employed a total of 45 full-time employees (31 March 2018: 33). 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 2018 and 2017, the Group’s total staff costs (including Directors’ remuneration) amounted to approximately HK\$4.5 million and HK\$3.5 million respectively. Remuneration is determined with reference to the prevailing market terms and the performance, qualification, experience, position and seniority of individual employee.

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

## Use of Proceeds

Based on the offer price of HK\$0.58 per share, the net proceeds from the share offer, after deducting listing related expenses, amounted to approximately HK\$31.0 million. The Group will utilise such net proceeds from the Share Offer for the purposes set out in the section headed “Business Objectives and Future Plans” in the Company’s Prospectus. As at 30 September 2018, the Group’s planned and actual utilisation of the net proceeds is set out below:

Business strategies as stated in the Prospectus	Planned use of net proceeds as stated in the Prospectus up to 30 September 2018 HK\$'000	Actual use of net proceeds up to 30 September 2018 HK\$'000	Unutilised net proceeds as at 30 September 2018 HK\$'000 (Note i)
Setting up representative offices in the U.S. and France (Note ii)	3,244	61	3,183
Establishing a quality control office in the PRC (Note ii)	873	–	873
Repaying bank borrowings	4,000	4,000	–
General working capital	1,833	1,206	627
	9,950	5,267	4,683

Notes:

- (i) The unused proceeds are deposited in a licensed bank in Hong Kong.
- (ii) There were slight delays in the actual use of Net Proceeds as the Group was unable to locate suitable employees for setting up representative offices in the U.S. and France and establishing a quality control office in the PRC.

## ***Future Prospects***

The Company has successfully listed on GEM of the Stock Exchange on 16 April 2018 to enhance its capital strength for future development. Given the challenging economic outlook, the Group's rate of growth will be challenging due to continuing rise in costs and geopolitical pressures arising from the potential trade wars and tariffs from U.S.. However, the Group believes that by offering competitive selling price, together with strong relationship management and a comprehensive range of supply chain management total solutions, it can continue to increase market share by providing value added service to customers.

Going forward, the Group expects the global business environment will remain challenging in the coming year due to economic and political uncertainty which will create certain pressure to the Group's sales and gross profit margins. Nevertheless, the Group has the financial and operational capability to handle these challenges by setting up representative offices in the U.S. and France, establishing a quality control office in the PRC and to explore opportunities to diversify the manufacturing base in various region.

The Directors will continue to review and evaluate the business objectives and strategies and make timely execution taking into account the business risks and market uncertainties. The Directors believe that the Group are able to retain existing customers by offering satisfactory supply chain management solutions.

## ***Principal Risks and Uncertainties***

The Group's key risk exposure are 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 customers as well as Brexit;
- (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; and
- (vii) 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.

For other risks and uncertainties facing the Group, please refer to the section headed "Risk Factors" in the Prospectus.

## OTHER INFORMATION

### ***Interests and Short Positions of Directors and Chief Executive in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporation***

As at 30 September 2018, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")), which are required to be notified to the Company and the Stock Exchange (a) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein (the "Register"); or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange were as follows:

#### *Long position in the shares*

Name of Director	Capacity	Number of shares <sup>1</sup>	Percentage of shareholding
Mr. Leung Kwok Hung Wilson <sup>2</sup>	Interest in a controlled corporation	280,000,000	70%
Ms. Tam Shuk Fan <sup>2</sup>	Interest in a controlled corporation	280,000,000	70%

Notes:

1. As at the date of this report, the Company's issued ordinary share capital was HK\$4,000,000 divided into 400,000,000 Shares of HK\$0.01 each.
2. Such 280,000,000 shares are registered in the name of Giant Treasure, a company beneficially owned as to 50% by Mr. Leung Kwok Hung Wilson and 50% by Ms. Tam Shuk Fan. Mr. Leung Kwok Hung Wilson and Ms. Tam Shuk Fan are husband and wife. Therefore, each of Mr. Leung Kwok Hung Wilson and Ms. Tam Shuk Fan is deemed to be interested in all the shares held by Giant Treasure under the SFO.



## ***Interest and Short Positions of Substantial Shareholders in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporation***

As at 30 September 2018, so far as it is known to the Directors, the following persons, other than Directors or chief executive of the Company, who held interest or short position in the Shares and underlying Shares were recorded in the register of the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the Register required to be kept by the Company pursuant to Section 336 of the SFO or who was interested, directly or indirectly, in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

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

<b>Name of Shareholder</b>	<b>Capacity</b>	<b>Number of shares (Note)</b>	<b>Percentage of shareholding</b>
Giant Treasure	Beneficial owner	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 Kwok Hung Wilson and 50% by Ms. Tam Shuk Fan. Mr. Leung Kwok Hung Wilson and Ms. Tam Shuk Fan are husband and wife. Therefore, each of Mr. Leung Kwok Hung Wilson and Ms. Tam Shuk Fan is deemed to be interested in all the shares held by Giant Treasure under the SFO.

Save as disclosed above, as at 30 September 2018, none of the Directors or 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 (i) to be notified to the Company and stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interest or short position which they are taken or deemed to have under provisions of the SFO); or (ii) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) 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.

### ***Change in Information of Director***

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, there are changes in the information required to be disclosed pursuant to paragraph (a) to (e) and (g) of the Rule 17.50(2) of the GEM Listing Rules during the course of the directors, term of office. The changes of information on directors are as follows:

- Ms. Lee Yin Mei was re-designated from independent non-executive Director to executive Director of the Company with effect from 8 August 2018 and she has been based in the U.S for running and administration of the representative office in the U.S. Following her re-designation, Ms. Lee ceased to be member of the audit committee, the chairman of the remuneration committee and member of the nomination committee. Based on her time of devoting to the Company, the Board of the Company approved to adjust Ms. Lee’s emolument to US\$100,000 per annum with effect from 9 August 2018 retrospectively.
- Mr. Lee Kwun Ting was appointed as an independent non-executive Director of the Company with effect from 8 August 2018. On the same date, Mr. Lee was appointed as member of the audit committee, the chairman of the remuneration committee and member of the nomination committee. He is entitled to a director’s fee of HK\$100,000 per annum.

## ***Purchase, Sale or Redemption of Listed Securities***

Since the date of the Listing and up to the date of this report, there has been no purchases, sales and redemption of the Company's listed securities by the Company or any of its subsidiaries.

## ***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 the Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors since the listing date and up to the date of this report.

## ***Competing Interest***

For the period ended 30 September 2018, the Directors were not aware of any business or interest of the Directors, the controlling shareholders, and their respective close associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

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

## ***Interests of the Compliance Adviser***

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Messis Capital Limited ("Messis") to be the compliance adviser. As at 30 September 2018, as notified by Messis, except for the compliance adviser agreement entered into between the Company and Messis dated 28 September 2017, neither Messis nor any of its directors or employees or associates, had or may have, any interest in the securities of the Company or any member of the Group (including options or rights to subscribe for such securities).

## ***Corporate Governance Policy***

The Shares have been successfully listed on the GEM of the Stock Exchange on 16 April 2018. The Board recognises that transparency and accountability are important to the Company as a listed company. Therefore, the Company is committed to maintaining good corporate governance in order to uphold the transparency of the Group and to safeguard interests of the shareholders.

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 since 16 April 2018 to the date of this report, except the deviation:

- Pursuant to code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Leung is the chairman and the chief executive officer of the Company. Considering that Mr. Leung has been operating and managing the Group since 2008, the Board believes that Mr. Leung would provide a strong and consistent leadership to the Group. Therefore, the Board considers that the deviation from provision A.2.1 of the CG Code is appropriate in such circumstance.
- Pursuant to code provision A.6.7, independent non-executive directors and other non-executive directors should also attend general meetings and develop a balanced understanding of the views of shareholders. Ms. Cheung Wai Man and Mr. Lau Yau Chuen Louis (being an independent non-executive Director at the relevant time) and Ms. Lee Yin Mei (being an independent non-executive Director at the relevant time and being re-designated as executive Director after the annual general meeting) were unable to attend the annual general meeting of the Company held on 8 August 2018 as she/he was obliged to be away for her/his business matter.

## ***Event After the Reporting Period***

There is no significant event subsequent to 30 September 2018 which would materially affect the Group’s operating and financial performance.

## **Audit Committee**

The Company has established the Audit Committee on 20 March 2018 in compliance with Rule 5.28 of the GEM Listing Rules. Written terms of reference aligned with the provisions set out in Appendix 15 of the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process, to oversee the risk management and internal control procedures of the Group. The Audit Committee consists of three independent non-executive Directors, namely Mr. Lau Yau Chuen Louis, Ms. Cheung Wai Man and Mr. Lee Kwun Ting. 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 report and the unaudited condensed consolidated results of the Group for the six months ended 30 September 2018 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 disclosures have been made.

By Order of the Board  
**i.century Holding Limited**  
**Leung Kwok Hung Wilson**  
*Chairman*

Hong Kong, 2 November 2018

*As at the date of this report, the executive Directors are Mr. Leung Kwok Hung Wilson, Ms. Tam Shuk Fan and Ms. Lee Yin Mei and the independent non-executive Directors are Ms. Cheung Wai Man, Mr. Lau Yau Chuen Louis and Mr. Lee Kwun Ting. This report will remain on the "Latest Company Announcements" page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for a minimum period of 7 days from the date of its publication and on the Company's website at [www.icenturyholding.com](http://www.icenturyholding.com).*