i.century Holding Limited
愛世紀集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8507

FIRST QUARTERLY REPORT
2019

CHARACTERISTICS OF 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.

*This 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 Group. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief (i) the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and (ii) 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

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

COMPLIANCE ADVISER

Messis Capital Limited

LEGAL ADVISERS

JNJ Partners LLP in association with Chiu, Szeto & Cheng Solicitors

AUDITORS

HLB Hodgson Impey Cheng Limited

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Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
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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$29.9 million for the three months ended 30 June 2019 (three months ended 30 June 2018: approximately HK$33.0 million), representing a decrease of approximately 9.3% over the corresponding period in 2018.

- The unaudited loss of the Group for the three months ended 30 June 2019 amounted to approximately HK$5.4 million (three months ended 30 June 2018: unaudited loss of approximately HK$3.7 million).

- The Board does not recommend the payment of any dividend for the three months ended 30 June 2019 (three months ended 30 June 2018: nil).

FIRST QUARTERLY RESULTS

The board of directors (the "**Board**") of the Company announces the unaudited condensed consolidated financial results of the Group for the three months ended 30 June 2019, together with the comparative unaudited figures for the corresponding period in 2018, as follows:

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

For the three months ended 30 June 2019

	Notes	Three months ended 30 June 2019 HK$'000 (Unaudited)	 2018 HK$'000 (Unaudited)
Revenue	3	**29,886**	32,961
Cost of sales		**(24,979)**	(25,324)
Gross profit		**4,907**	7,637
Other income		**59**	28
Other (losses)/gains		**(1,337)**	184
Selling and distribution expenses		**(1,650)**	(1,325)
Administrative expenses		**(7,106)**	(3,283)
Listing expenses		**–**	(6,149)
Finance costs		**(190)**	(128)
Loss before tax	4	**(5,317)**	(3,036)
Income tax expense	5	**(84)**	(651)
Loss for the period		**(5,401)**	(3,687)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**6**	–
Total comprehensive loss for the period attributable to owners of the Company		**(5,395)**	(3,687)
Loss per share			
Basic and diluted (HK cents)	6	**(1.4)**	(0.9)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2019

		Attributable to owners of the Company					
	Notes	Share capital HK$'000	Share premium HK$'000	Contribution reserve HK$'000 (Note i)	Exchange reserve HK$'000	Retained earnings HK$'000	Total equity HK$'000
At 1 April 2018 (Audited)		–	–	–	–	20,645	20,645
Shares issued pursuant to the Capitalisation	(ii)	3,000	(3,000)	–	–	–	–
Shares issued pursuant to the Listing	(iii)	1,000	57,000	–	–	–	58,000
Listing expenses charged to share premium		–	(10,762)	–	–	–	(10,762)
Loss and total comprehensive loss for the period		–	–	–	–	(3,687)	(3,687)
At 30 June 2018 (Unaudited)		4,000	43,238	–	–	16,958	64,196
At 1 April 2019 (Audited)		**4,000**	**43,238**	**–**	**(7)**	**5,839**	**53,070**
Loss for the period		**–**	**–**	**–**	**–**	**(5,401)**	**(5,401)**
Other comprehensive income:							
Exchange differences arising on translation of foreign operations during the period		**–**	**–**	**–**	**6**	**–**	**6**
Total comprehensive loss for the period		**–**	**–**	**–**	**6**	**(5,401)**	**(5,395)**
At 30 June 2019 (Unaudited)		**4,000**	**43,238**	**–**	**(1)**	**438**	**47,675**

Notes:

(i) Contribution reserve of the Group represents the difference between the aggregated share capital of the subsidiaries and one nil paid share of the Company issued as fully paid pursuant to the reorganisation (as defined in the prospectus of the Company dated 29 March 2018 (the "**Prospectus**")) for transfer of the subsidiaries to the Company. The balance was approximately HK$4.

(ii) Upon the shares of the Company (the "**Shares**") being listed on GEM of the Stock Exchange on 16 April 2018 (the "**Listing**") and Share premium account of the Company being credited as a result of the Share Offer (as defined in the Prospectus), a sum of HK$2,999,990 standing to the credit of the share premium account was applied in paying up in full 299,999,000 Shares for allotment and issue to Giant Treasure Development Limited ("**Capitalisation Issue**").

(iii) Upon Listing, 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2019

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 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 and Ms. Tam Shuk Fan (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 unaudited condensed consolidated financial statements are presented in Hong Kong ("**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 AND ACCOUNTING POLICIES

The unaudited condensed consolidated results have been prepared in accordance with all the applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (hereafter collectively referred to as the "**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), the disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules, unless otherwise stated.

The unaudited condensed consolidated financial statements for the three months ended 30 June 2019 have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as appropriate.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

The unaudited condensed consolidated financial statements for the three months ended 30 June 2019 have been reviewed by the audit committee of the Company ("**Audit Committee**") but have not been reviewed or audited by the Company's auditor. Adjustments may be made during the course of annual audit while performed by the Company's auditor.

In the current period, the Group has applied, for the first time, the following new standards and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2019 for the preparation of the Group's unaudited condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

Except as described below for HKFRS 16, the adoption of above new and revised standards had no significant financial effect on the unaudited condensed consolidated first quarterly financial information.

HKFRS 16 Leases

The Group had adopted HKFRS 16 retrospectively from 1 April 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new and amended requirements with respect to lease accounting are therefore recognised in the opening consolidated statement of financial position on 1 April 2019. The accounting policy is set out below.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

HKFRS 16 Leases (continued)

(i) Right-of-use assets (included in property, plant and equipment)

Right-of-use assets included the rights to use certain properties under leases are initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Right-of-use assets are subsequently depreciated over the shorter of the assets' useful lives and the lease term using the straight-line method. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

(ii) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or obtains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

(a) the contract involves the use of an identified asset, this may be specified explicitly and implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

(b) the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

HKFRS 16 Leases (continued)

(ii) Leases (continued)

(c) the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where all the decisions about how and for what purpose the asset is used are predetermined, the Group has the right to direct the use of the asset if either:

(i) the Group has the right to operate the assets; or

(ii) the Group designed the asset in a way that predetermines how and for what purpose it will be used.

The Group leases several office premises and recognises a right-of-use asset and a lease liability at the initial application date. The lease liability is initially measured at the present value of the remaining lease payments discounted using the Group's incremental borrowing rate as at 1 April 2019. The Group's incremental borrowing rate applied to the lease liability on 1 April 2019 was 2.74%.

Lease payments included in the measurement of the lease liability comprise the following:

— fixed payments, including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

— amounts expected to be payable under a residual value guarantee;

— the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and

— penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

HKFRS 16 Leases (continued)

(ii) Leases (continued)

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in the profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise the right-of-use assets and the lease liabilities for short-term leases of property, plant and equipment that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense in the profit or loss on a straight-line method over the lease term.

The following table summarises the impact of transition to HKFRS 16 on the opening balances of accumulated losses:

Recognition of interest of lease liabilities and depreciation of right-of-use assets	**Impact of adopting HKFRS 16 on opening balances** HK$'000
Accumulated losses	
Impact at 1 April 2019	14

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

HKFRS 16 Leases (continued)

Other than the recognition of lease liabilities and right-of-use assets, the Group expects that the transition adjustments to be made upon the initial adoption of HKFRS 16 will not be material. However, the expected changes in accounting policies as described above could have a material impact on the Group's financial statements from 1 April 2019 onwards.

Save for the above, the significant accounting policies that have been used in the preparation of the unaudited condensed consolidated financial statements for the three months ended 30 June 2019 are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 March 2019 included in the 2019 annual report (the "**2019 Annual Report**").

The unaudited condensed consolidated financial statements should be read in conjunction with the 2019 Annual Report.

3. REVENUE

Disaggregation of revenue from contracts with customers:

	Three months ended 30 June	
	2019 HK$'000 (Unaudited)	2018 HK$'000 (Unaudited)
Sales of goods	**29,886**	32,961

4. *LOSS BEFORE TAX*

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

	Three months ended 30 June	
	2019 **HK$'000** **(Unaudited)**	2018 HK$'000 (Unaudited)
Auditors' remuneration (note i)	**150**	100
Depreciation of property, plant and equipment	**429**	50
Minimum lease payments under operating leases in respect of office premises	**332**	227
Cost of goods sold	**24,325**	24,691
Staff costs including directors' remuneration (Note ii)		
– Salaries and wages	**5,489**	2,036
– Staff benefits	**1**	62
– Retirement benefit scheme contributions	**153**	80
	5,643	2,178

Notes:

(i) Excluding services for listing of the Group.

(ii) Staff costs including Directors' remuneration included in "Selling and distribution expenses" are salaries and wages of approximately HK$1,424,000 (three months ended 30 June 2018: HK$1,063,000).

5. INCOME TAX EXPENSE

	Three months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Current tax – Hong Kong Profits Tax		
– Charge for the period	**–**	647
– Under-provision in prior year	**–**	2
	–	649
Deferred tax		
– Charge for the period	**84**	2
	84	651

Hong Kong profit tax is calculated on the basis at 8.25% of the estimated assessable profits up to HK$2,000,000 and 16.5% on any part of the estimated assessable profit over HK$2,000,000 for the three months ended 30 June 2019 (Three months ended 30 June 2018: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

Under the Law of the People's Republic of China (the "**PRC**") on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25%.

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

No provision for Hong Kong Profits Tax, PRC Enterprise Income Tax and other overseas subsidiaries had been made as the Group had no assessable profit for the period ended 30 June 2019.

6. LOSS PER SHARE

	Three months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Loss		
Earnings for the purpose of calculating basic loss per share	**(5,401)**	(3,687)

	Number of ordinary shares	
	'000	'000
	(unaudited)	(unaudited)
Shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**400,000**	395,616

The calculation of basic loss per share for the periods ended 30 June 2019 and 2018 is based on loss attributable to owners of the Company and the weighted average number of ordinary shares.

For the period ended 30 June 2018, the weighted average number of ordinary shares for the purpose of calculating basic loss per share have been adjusted for the effect of placing completed on 16 April 2018.

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

7. DIVIDENDS

The Directors do not recommend the payment of dividends for the three months ended 30 June 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Introduction

The Group is an apparel supply chain management ("**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 United States of America (the "**U.S.**") and Europe, 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.

The Group does not possess its own apparel brand. 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 customers' brand's 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 People's Republic of China (the "**PRC**") and Cambodia.

Business Review

The Group recorded revenue of approximately HK$29.9 million for the three months ended 30 June 2019, representing a decrease of approximately 9.3% as compared to the amount of approximately HK$33.0 million for the three months ended 30 June 2018. The Group's gross profit for the three months ended 30 June 2019 amounted to approximately HK$4.9 million and approximately HK$7.6 million for the three months ended 30 June 2018. The overall gross profit margin dropped significantly to approximately 16.4% for the three months ended 30 June 2019 from approximately 23.2% for the three months ended 30 June 2018. The significant decline in the gross profit margin was mainly due to (a) customers in the U.S. shifting towards a more conservative procurement approach due to recent trade disputes between the PRC and the U.S., which resulted in a decrease in sales volume; (b) the restructuring of certain major customers in France which resulted in a change in their business strategy to provide from factories outside of the PRC, which had led to a decrease in sales volume; and (c) a higher procurement cost due to the decrease in production quantity, which the Group was unable to fully externalise such increased costs to its customers.

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 dress, vests and accessories, such as bags, through the provision of apparel SCM services to our customers. For the three months ended 30 June 2019, the Group recorded an unaudited revenue of approximately HK$29.9 million, representing a decrease of approximately 9.3% comparing with that of approximately HK$33.0 million for the three months ended 30 June 2018.

The following table sets out a breakdown of the Group's unaudited revenue by product categories for the three months ended 30 June 2019 and 2018:

	Three months ended 30 June			
	2019		2018	
	HK$'000 (unaudited)	**% (unaudited)**	HK$'000 (unaudited)	% (unaudited)
Jackets	**20,433**	**68.4**	21,611	65.6
Woven shirts	**2,900**	**9.7**	3,438	10.4
Pullovers	**2,200**	**7.4**	2,524	7.7
Pants and shorts	**3,007**	**10.1**	3,147	9.6
T-shirts	**87**	**0.3**	1,200	3.6
Other products (Note)	**1,259**	**4.1**	1,041	3.1
	29,886	**100.0**	32,961	100.0

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

During the three months ended 30 June 2019, the sales volume of the Group amounted to 194,217 units of finished products as compared to 252,045 units for the three months ended 30 June 2018. Set out below are the total sales quantities of each product category for each of the three months ended 30 June 2019 and 2018:

	Three months ended 30 June			
	2019		2018	
	Unit sold (unaudited)	% (unaudited)	Unit sold (unaudited)	% (unaudited)
Jackets	**111,513**	**57.4**	128,355	50.9
Woven shirts	**21,462**	**11.1**	25,920	10.3
Pullovers	**21,358**	**11.0**	30,025	11.9
Pants and shorts	**27,870**	**14.3**	33,087	13.1
T-shirts	**1,036**	**0.5**	25,892	10.3
Other products (Note)	**10,978**	**5.7**	8,766	3.5
	194,217	**100.0**	252,045	100.0

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

The selling price of each of the product categories depends primarily on, among other things, purchase cost, our expected profit margin as well as overhead expenses. Accordingly, the selling price of our products may differ considerably in different purchase orders by different customers. Set out below is the average selling price per unit of finished product sold to our customers for each product category for the three months ended 30 June 2019 and 2018:

	Three months ended 30 June		
	2019 Average selling price (Note 1) HK$ (unaudited)	2018 Average selling price (Note 1) HK$ (unaudited)	Rate of change % (unaudited)
Jackets	**183.2**	168.4	8.8
Woven shirts	**135.1**	132.6	1.9
Pullovers	**103.0**	84.0	22.6
Pants and shorts	**107.9**	95.1	13.5
T-shirts	**84.5**	46.4	82.1
Other products (Note 2)	**114.7**	118.8	(3.5)
	153.9	130.8	17.7

Notes:

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

2. Other products include, for example dress, vests and accessories such as bags.

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 to approximately HK$25.0 million for the three months ended 30 June 2019 from approximately HK$25.3 million for the three months ended 30 June 2018, representing a decrease of approximately 1.4%. Such decrease was due to a decrease in sales volume.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately HK2.7 million from approximately HK$7.6 million for the three months ended 30 June 2018 to approximately HK$4.9 million for the three months ended 30 June 2019. The Group's gross profit margin significantly decreased to approximately 16.4% for the three months ended 30 June 2019 from approximately 23.2% for the three months ended 30 June 2018. The decrease in gross profit and gross profit margin of the Group was mainly attributable to (i) customers in the U.S. shifting towards a more conservative procurement approach due to recent trade disputes between the PRC and the U.S., which resulted in a decrease in sales volume; (ii) the restructuring of certain major customers in France which resulted in a change in their business strategy to procure from factories outside of the PRC, which had led to a decrease in sales volume; and (iii) a higher procurement cost due to the decrease in production quantity, which the Group was unable to fully externalize such increased costs to its customers.

Other income

Other income mainly consists of (i) bank interest income and (ii) sundry income. The Group's other income increased by approximately 110.7% from approximately HK$28,000 for the three months ended 30 June 2018 to approximately HK$59,000 for the three months ended 30 June 2019. Such increase was mainly attributable to the increase in sundry income.

Other (losses)/gains

Other (losses)/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 losses to approximately HK$1.3 million for the three months ended 30 June 2019 as compared with other gains of approximately HK$0.2 million for the three months ended 30 June 2018. Such losses was mainly due to the impairment losses recognised in respect of trade receivables.

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 24.5% from approximately HK$1.3 million for the three months ended 30 June 2018 to approximately HK$1.7 million for the three months ended 30 June 2019. The net increase in the selling and distribution expenses was mainly attributable to the annual salary increment and increase in merchandising staff headcounts for our business expansion.

Administrative expenses

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

Administrative expenses increased to approximately HK$7.1 million for the three months ended 30 June 2019 from approximately HK$3.3 million for the three months ended 30 June 2018, representing an increase of approximately 116.4%. Such an increase was mainly attributable to the salary increment for existing administrative staff and Directors for exploring opportunities to diversify the Group's manufacturing bases in various countries.

Listing expenses

There were no non-recurring listing expenses recognised for the three months ended 30 June 2019 whilst there was approximately HK$6.1 million of non-recurring listing expenses recognised for the three months ended 30 June 2018.

Finance costs

The Group's finance costs increased by approximately HK$62,000, or approximately 48.4%, from approximately HK$128,000 for the three months ended 30 June 2018 to approximately HK$190,000 for the three months ended 30 June 2019. The increase was mainly due to the increase in bank borrowings taken out by the Group to finance daily operations.

Income tax expenses

Income tax expenses of the Group decreased by approximately 87.1% from approximately HK$651,000 for the three months ended 30 June 2018 to approximately HK$84,000 for the three months ended 30 June 2019. Such decrease was consistent with the decrease in assessable profits during the three months ended 30 June 2019 as compared to the three months ended 30 June 2018 as listing expenses incurred during the three months ended 30 June 2018 were not deductible for tax purposes.

Loss and total comprehensive loss attributable to owners of the Company

Loss and total comprehensive loss for the period increased from approximately HK$3.7 million for the three months ended 30 June 2018 to approximately HK$5.4 million for the three months ended 30 June 2019. Such loss was mainly attributable to the net effect of (i) the decrease in revenue and (ii) the increase in salary increment for merchandising staff, administrative staff and Directors as discussed above.

DIVIDEND

The Board does not recommend the payment of dividend for the three months ended 30 June 2019 (three months ended 30 June 2018: Nil).

FUTURE PROSPECTS

The Group set up a representative office in the U.S., which the Group believes would respond to customers' demands in a more efficient and effective manner, which in turn may create more business opportunities. Furthermore, the Group established a quality control office in the city of Ningbo in the Zhejiang Province, the PRC in order to closely monitor the product quality as per customer's expectation.

The Group believes the PRC-U.S. trade dispute is unlikely to be resolved shortly and may have a material and adverse effect on the Group's business. As such, the Group has decided to take a cautious and conservative approach in applying the net proceeds from the Share Offer (as defined in the Prospectus) for its business development plans as stated in the Prospectus. To ensure the effectiveness in the application of the remaining net proceeds, the Group will continue to closely monitor the changing results of its operations in the U.S. and other regions and may adjust the timing and the extent to which the net proceeds shall be applied accordingly if appropriate.

Looking forward, the Directors will continue to explore opportunities to diversify the Group's operations so that our customer base could be further strengthened and diversified. Furthermore, in view of the business risks and market uncertainties, the Directors will continue to review and evaluate the Group's business objectives and strategies and execute them in a timely manner.

OTHER INFORMATION

Interests and Short Positions of Directors and Chief Executive in the Shares, Underlying Shares and Debentures of the Company

As at 30 June 2019, the interests or short positions of each of the Directors and the chief executive of the Company in the shares (the "**Shares**"), underlying Shares or debentures of the Company or any associated corporation (within the meaning of Part XV) of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "**SFO**")), which are required (a) to be notified to the Company and the Stock Exchange pursuant to Division 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; or (c) have to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

Long position in the shares

Name of Director	Capacity	Number of Shares[1]	Percentage of shareholding
Mr. Leung Kwok Hung Wilson ("**Mr. Leung**") (Note 2)	Interest in a controlled corporation	280,000,000	70%
Ms. Tam Shuk Fan ("**Ms. Tam**") (Note 2)	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 Development Limited ("**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.

Save as disclosed above, as at 30 June 2019, 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 Division 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.

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

As at 30 June 2019, 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

Name of Shareholder	Capacity/nature of interest	Number of Shares held	Approximate percentage in the Company
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.

Save as disclosed above, as at 30 June 2019, the Directors were not aware of any other person (other than the Directors or chief executives as disclosed in the paragraph headed "Interests and Short Positions of Directors and Chief Executive in the Shares, Underlying Shares and Debentures of the Company" above) who had, or deemed to have, interests or short positions in the Shares, underlying Shares or debentures of the Company which has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under 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.

Competing Interests

For the period ended 30 June 2019, the Directors were not aware of any business or interest of the Directors, the controlling shareholders (as defined under the GEM Listing Rules), and their respective close associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

A deed of non-competition dated 20 March 2018 was entered into by the controlling shareholders (as defined under the GEM Listing Rules) 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 had appointed Messis Capital Limited ("**Messis**") to be its compliance adviser. As at 30 June 2019, 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 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 report, except the deviation from provision A.2.1 of the CG Code.

Provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Leung is the chairman and the chief executive officer of the Company. Considering that Mr. Leung has been operating and managing the Group since 2008, the Board believes that Mr. Leung would provide a strong and consistent leadership to the Group. Therefore, the Board considers that the deviation from provision A.2.1 of the CG Code is appropriate in such circumstance.

Compliance with the 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 enquiries to all the Directors and the Company was not aware of any non-compliance with the Model Code by the Directors during the three months ended 30 June 2019 and up to the date of this report.

Purchase, Sale or Redemption of Listed Securities

During the three months ended 30 June 2019, there has been no purchases, sales and redemption of the Company's listed securities by the Company or any of its subsidiaries.

Event After The Reporting Period

There has been no significant event subsequent to 30 June 2019 which would materially affect the Group's operations and financial performance.

Audit Committee

The Company has established the audit committee (the "**Audit Committee**") with written terms of reference in compliance with provision C.3.3 of the CG Code. 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 primary duties of the Audit Committee are to review and supervise the Group's financial reporting process, to nominate and monitor the Company's external auditors, and to oversee the risk management and internal control procedures of the Company.

The Audit Committee had reviewed the unaudited quarterly results of the Company for the three months ended 30 June 2019.

By Order of the Board
i.century Holding Limited
Leung Kwok Hung Wilson
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 9 August 2019

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 for a minimum period of 7 days from the date of its publication and on the Company's website at www.icenturyholding.com.