

i.century Holding Limited 愛世紀集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8507



INTERIM REPORT
2019

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*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

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS

Unit 212-215, 2/F.
Elite Industrial Centre
No. 883 Cheung Sha Wan Road
Lai Chi Kok
Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKER

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

STOCK CODE

8507

COMPANY WEBSITE

www.icenturyholding.com

FINANCIAL HIGHLIGHTS

- The Group recorded an unaudited revenue of approximately HK\$78.9 million for the six months ended 30 September 2019 (six months ended 30 September 2018: approximately HK\$78.2 million), representing an increase of approximately 0.9% over the corresponding period in 2018.
- The unaudited loss of the Group for the six months ended 30 September 2019 was approximately HK\$5.2 million (six months ended 30 September 2018: HK\$5.1 million).
- The Board does not recommend the payment of any dividend for the six months ended 30 September 2019 (six months ended 30 September 2018: nil).

INTERIM RESULTS

The board of Directors (the “**Board**”) of the Company announces the unaudited condensed consolidated financial results of the Group for the six months ended 30 September 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 six months ended 30 September 2019

	Notes	Three months ended 30 September		Six months ended 30 September	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue	6	48,968	45,216	78,854	78,177
Cost of sales		(41,215)	(41,226)	(66,194)	(66,550)
Gross profit		7,753	3,990	12,660	11,627
Other income	7	46	114	105	142
Other gains	8	1,541	205	204	389
Selling and distribution expenses		(1,788)	(1,759)	(3,438)	(3,084)
Administrative expenses		(7,113)	(4,039)	(14,219)	(7,322)
Listing expenses		-	-	-	(6,149)
Finance costs	9	(209)	(110)	(399)	(238)
Profit/(Loss) before tax	10	230	(1,599)	(5,087)	(4,635)
Income tax credit/(expense)	11	31	161	(53)	(490)
Profit/(Loss) for the period		261	(1,438)	(5,140)	(5,125)
Other comprehensive loss <i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences arising on translation of foreign operations		(20)	-	(14)	-
Total comprehensive income/(loss) for the period attributable to owners of the Company		241	(1,438)	(5,154)	(5,125)
Earnings/(Loss) per share Basic and diluted (HK cents)	13	0.1	(0.4)	(1.3)	(1.3)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

	Notes	As at 30 September 2019 HK\$'000 (Unaudited)	As at 31 March 2019 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	14	11,613	12,475
Right-of-use assets		359	–
		11,972	12,475
Current assets			
Inventories		80	5,298
Trade receivables	15	22,523	14,818
Deposits paid, prepayments and other receivables		10,788	9,391
Amounts due from related companies	16	1,344	1,791
Amount due from a shareholder	16	–	444
Prepaid tax		2,699	2,699
Bank balances and cash		26,420	39,469
		63,854	73,910
Current liabilities			
Trade payables	17	10,375	13,523
Other payables and accruals		2,426	3,805
Contract liabilities		2,757	2,938
Lease liabilities		178	–
Borrowings	18	11,769	12,691
		27,505	32,957
Net current assets		36,349	40,953
Total assets less current liabilities		48,321	53,428
Equity attributable to owners of the Company			
Share capital	19	4,000	4,000
Reserves		43,916	49,070
Total equity		47,916	53,070
Non-current liability			
Deferred tax		405	358
		48,321	53,428

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2019

	Notes	Attributable to owners of the Company					Total equity HK\$'000
		Share capital HK\$'000	Share premium HK\$'000	Contribution reserve HK\$'000 (Note i)	Exchange reserve HK\$'000	Retained earnings HK\$'000	
At 1 April 2018 (Audited)		-	-	-	-	20,645	20,645
Capitalisation issue	(ii)	3,000	(3,000)	-	-	-	-
Issue of shares by way of share offer	(iii)	1,000	57,000	-	-	-	58,000
Share issuing expenses		-	(10,762)	-	-	-	(10,762)
Loss and total comprehensive loss for the period		-	-	-	-	(5,125)	(5,125)
At 30 September 2018		4,000	43,238	-	-	15,520	62,758
At 1 April 2019 (Audited)		4,000	43,238	-	(7)	5,839	53,070
Loss for the period		-	-	-	-	(5,140)	(5,140)
Other comprehensive loss for the period: Exchange differences arising on translation of foreign operations		-	-	-	(14)	-	(14)
Total comprehensive loss for the period		-	-	-	(14)	(5,140)	(5,154)
At 30 September 2019		4,000	43,238	-	(21)	699	47,916

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.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2019

	Six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Operating activities		
Cash used in operating activities	(12,619)	(4,551)
Income tax paid	(6)	(74)
Net cash used in operating activities	(12,625)	(4,625)
Investing activities		
Interest received	15	5
Purchase of property, plant and equipment	–	(540)
Decrease in amounts due from related companies	447	453
Decrease/(increase) in amount due from a shareholder	444	(383)
Net cash generated from/(used in) investing activities	906	(465)
Financing activities		
Interest paid	(399)	(239)
Repayment of bank borrowings	(12,397)	(7,962)
Issuance of ordinary shares pursuant to the Listing	–	58,000
Payment of listing expenses	–	(10,762)
Net cash (used in)/generated from financing activities	(12,796)	39,037

	Six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Net (decrease)/increase in cash and cash equivalents	(24,515)	33,947
Cash and cash equivalents at beginning of the period	39,469	6,510
Effect of foreign exchange rate changes	(9)	–
Cash and cash equivalents at the end of the period	14,945	40,457
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	26,420	41,555
Bank overdrafts	(11,475)	(1,098)
	14,945	40,457

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company in the Cayman Islands with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as amended, supplemented or otherwise modified from time to time) of the Cayman Islands on 20 June 2017. 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 sales of apparel products with the provision of apparel supply chain management ("**SCM**") services to customers.

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

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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**"), the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622) and the GEM Listing Rules.

The unaudited condensed consolidated financial statements for the six months ended 30 September 2019 have been prepared on the historical cost basis.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The unaudited condensed consolidated financial statements for the six months ended 30 September 2019 do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended 31 March 2019 (the “**2019 Consolidated Financial Statements**”). Except as described in note 3 below, the accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated results are consistent with those used in the 2019 Consolidated Financial Statements.

3. CHANGES IN ACCOUNTING POLICIES

In the current interim period, the Group has applied, for the first time, the following new and amendments to Hong Kong Financial Reporting Standards (“**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, the application of the new and amendments to HKFRSs in the current interim period has had no material impact on the amounts reported in the Group’s financial performance and financial positions and/or disclosures set out in the unaudited condensed consolidated financial statements.

3. CHANGES IN ACCOUNTING POLICIES (continued)

HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 Leases (“**HKAS 17**”), and the related interpretations.

- (a) *Key changes in the accounting policies resulting from application of HKFRS 16*

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, 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.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Short-term leases

The Group applies the short-term lease recognition exemption to leases of buildings that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

3. CHANGES IN ACCOUNTING POLICIES (continued)

HKFRS 16 Leases (continued)

- (a) Key changes in the accounting policies resulting from application of HKFRS 16 (continued)

As a lessee (continued)

Right-of-use assets (continued)

The cost of right-of-use asset includes:

- the amount of initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentive received;
- any initial direct costs incurred by the Group.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the unaudited condensed consolidated statement of financial position.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

3. CHANGES IN ACCOUNTING POLICIES (continued)

HKFRS 16 Leases (continued)

(a) Key changes in the accounting policies resulting from application of HKFRS 16 (continued)

As a lessee (continued)

Lease liabilities (continued)

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, the lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasure lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- The lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

3. CHANGES IN ACCOUNTING POLICIES (continued)

HKFRS 16 Leases (continued)

- (a) Key changes in the accounting policies resulting from application of HKFRS 16 (continued)

As a lessee (continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasure the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease portion of lease liabilities results in net deductible temporary differences.

3. CHANGES IN ACCOUNTING POLICIES (continued)

HKFRS 16 Leases (continued)

- (b) Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

3. CHANGES IN ACCOUNTING POLICIES (continued)

HKFRS 16 Leases (continued)

- (b) Transition and summary of effects arising from initial application of HKFRS 16 (continued)

As a lessee (continued)

The Group recognised lease liabilities of approximately HK\$378,000 and right-of-use assets of approximately HK\$477,000 at 1 April 2019.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 2.74%.

	At 1 April 2019
	HK\$'000
Operating lease commitments disclosed as at 31 March 2019	1,550
Less: Recognition exemption – short-term leases	(1,162)
Undiscounted lease liabilities relating to operating leases recognised upon application of HKFRS 16	388
Less: Total future interest expenses	(10)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16 as at 1 April 2019	378
Analysed as:	
Current	187
Non-current	191
	378

3. CHANGES IN ACCOUNTING POLICIES (continued)

HKFRS 16 Leases (continued)

- (b) Transition and summary of effects arising from initial application of HKFRS 16 (continued)

As a lessee (continued)

The carrying amount of right-of-use assets as at 1 April 2019 comprises the following:

	Notes	At 1 April 2019 HK\$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16		378
Adjustments on rental deposits at 1 April 2019	(i)	18
Reclassified from prepaid lease payments	(ii)	81
		477
By class:		
Land and buildings		477

Notes:

- (i) Before the application of HKFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transaction. Accordingly, approximately HK\$18,000 was adjusted to refundable rental deposits paid and right-of-use assets.
- (ii) Prepaid lease payments for land and buildings in the People's Republic of China (the "PRC") were classified as prepaid lease payments as at 31 March 2019. Upon application of HKFRS 16, the current portion of prepaid lease payments amounting to approximately HK\$81,000 was reclassified to right-of-use assets.

3. CHANGES IN ACCOUNTING POLICIES (continued)

HKFRS 16 Leases (continued)

- (b) Transition and summary of effects arising from initial application of HKFRS 16 (continued)

Impact on the unaudited condensed consolidated statement of financial position

The following adjustments were made to the amounts recognised in the unaudited condensed consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2019 HK\$'000	Reclassification HK\$'000	Carrying amounts under HKFRS 16 at 1 April 2019 HK\$'000
Non-current assets			
Right-of-use assets	–	477	477
Current assets			
Deposits paid and prepayments	9,391	(99)	9,292
Current liabilities			
Lease liabilities	–	187	187
Non-current liabilities			
Lease liabilities	–	191	191

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 2019.

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.

5. SEGMENT INFORMATION (continued)

(a) Information about major customers

	Three months ended 30 September		Six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Customer A	13,114	15,792	22,005	28,700
Customer B	15,491	10,241	17,197	11,597

Except for the disclosed above, no other single customers contributed 10% or more to the Group's revenue.

(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	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
United States of America ("U.S.")	28,848	26,157	47,169	44,593
France	6,921	11,051	11,271	18,922
Other European countries (Note i)	3,805	1,960	5,714	3,676
Australia	5,500	2,219	9,970	4,168
Canada	200	182	259	630
Japan	1,385	1,585	1,943	2,015
Other location (Note ii)	2,309	2,062	2,528	4,173
	48,968	45,216	78,854	78,177

5. SEGMENT INFORMATION (continued)

(b) Geographical information (continued)

Revenue from external customers (continued)

Notes:

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

Non-current assets

	As at 30 September 2019 HK\$'000 (Unaudited)	As at 31 March 2019 HK\$'000 (Audited)
Hong Kong	9,365	9,948
The PRC, excluding Hong Kong	2,248	2,527
	11,613	12,475

6. REVENUE

Disaggregated of revenue from contracts with customers:

	Three months ended 30 September		Six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Sales of goods	48,968	45,216	78,854	78,177

7. OTHER INCOME

	Three months ended 30 September		Six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Interest income	4	4	16	5
Trade claim	-	-	1	-
Sundry income	42	110	88	137
	46	114	105	142

8. OTHER GAINS

	Three months ended 30 September		Six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Net foreign exchange gain	143	150	264	224
Net impairment loss recognised in respect of trade receivables	1,398	55	(60)	165
	1,541	205	204	389

9. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Bank overdrafts interest	200	104	386	202
Loans interest	4	6	8	36
Interest expense on lease liabilities	5	–	5	–
	209	110	399	238

10. PROFIT/(LOSS) BEFORE TAX

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

	Three months ended 30 September		Six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Auditors' remuneration (note i)	150	100	300	200
Depreciation				
– Owned property, plant and equipment	428	60	857	110
– Right-of-use assets	90	–	90	–
Minimum lease payments under operating leases in respect of office premises which are not included in lease liabilities	238	248	570	475
Cost of goods sold	38,907	39,369	63,232	64,060
Staff costs including Directors' remuneration (note ii)				
– Sales and wages	5,733	2,497	11,222	4,533
– Staff benefits	65	33	66	95
– Retirement benefit scheme contributions	162	93	315	173
	5,960	2,623	11,603	4,801

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\$2,887,000 (six months ended 30 September 2018: HK\$2,324,000) are retirement benefit scheme contributions of approximately HK\$142,000 (six months ended 30 September 2018: HK\$108,000).

11. INCOME TAX (CREDIT)/EXPENSE

	Three months ended 30 September		Six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Current tax				
– Charge for the period	6	(183)	6	464
– Under-provision in prior year	–	15	–	17
	6	(168)	6	481
Deferred tax				
– Charge for the period	(37)	7	47	9
	(31)	(161)	53	490

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

Under the Law of the 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 and PRC Enterprise Income Tax had been made as the Group had no assessable profit for the period ended 30 September 2019.

12. DIVIDEND

The Board does not recommend the payment of dividend for the six months ended 30 September 2019 and 2018.

13. EARNINGS/LOSS PER SHARE

	Three months ended		Six months ended	
	30 September		30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Earnings/(Loss) Earnings for the purpose of calculating basic loss per share	261	(1,438)	(5,140)	(5,125)

	Three months ended		Six months ended	
	30 September		30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
No. of Shares Weighted average number of ordinary shares for the purpose of basic loss per share	400,000	395,616	400,000	395,616

13. EARNINGS/LOSS PER SHARE (continued)

The calculation of basic loss per share for the periods ended 30 September 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 September 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 shares outstanding during the above respective periods.

14. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2019, no addition of property, plant and equipment (six months ended 30 September 2018: approximately HK\$540,000).

15. TRADE RECEIVABLES

	As at 30 September 2019 HK\$'000 (Unaudited)	As at 31 March 2019 HK\$'000 (Audited)
Trade receivables	24,820	16,917
Less: allowance for credit losses	(2,297)	(2,099)
	22,523	14,818

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 2019 HK\$'000 (Unaudited)	As at 31 March 2019 HK\$'000 (Audited)
1-30 days	4,086	2,073
31-60 days	8,056	3,497
61-90 days	3,796	1,710
Over 90 days	6,585	7,538
	22,523	14,818

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

The Group allows credit period up to 60 days to its customers.

16. AMOUNTS DUE FROM RELATED COMPANIES/A SHAREHOLDER

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

During the period ended 30 September 2019, the maximum amounts due from related companies and a shareholder are approximately HK\$1,722,000 (31 March 2019: HK\$1,908,000) and HK\$444,000 (31 March 2019: HK\$444,000).

17. TRADE PAYABLES

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

	As at 30 September 2019 HK\$'000 (Unaudited)	As at 31 March 2019 HK\$'000 (Audited)
0-30 days	4,169	1,687
31-60 days	2,909	8,484
61-90 days	1,836	643
Over 90 days	1,461	2,709
	10,375	13,523

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

18. BORROWINGS

	As at 30 September 2019 HK\$'000 (Unaudited)	As at 31 March 2019 HK\$'000 (Audited)
<i>Within 1 year or on demand:</i>		
Bank borrowings – secured and guaranteed	294	510
Bank overdrafts – secured and guaranteed	11,475	12,181
	11,769	12,691

18. BORROWINGS (continued)

As at 30 September 2019, the bank borrowings facilities and bank overdrafts granted to the Group are secured and guaranteed by the followings:

- (a) A corporate guarantee executed by the Company;
- (b) The Group's buildings amounting to approximately HK\$6,744,000 (31 March 2019: HK\$6,828,000).

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 2.74% to 5.88% per annum.

19. SHARE CAPITAL

	Number of shares '000	Nominal value HK'000
Ordinary shares of HK\$0.01 each		
<i>Authorised:</i>		
At 31 March 2019 and 30 September 2019	10,000,000	100,000
<i>Issued and fully paid:</i>		
At 31 March 2019 and 30 September 2019	400,000	4,000

20. CONTINGENT LIABILITIES

At 30 September 2019, the Group did not have any contingent liabilities.

21. 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	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Rental expense to Joint Linker Investment Limited	246	246
Rental expense to Turbo Profit Investment Limited	207	207

Note: 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.

(b) *Key Management personnel compensation*

	Six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Short term employee benefits	5,313	1,269
Post-employment benefits	103	35
	5,416	1,304

21. MATERIAL RELATED PARTY TRANSACTIONS (continued)

(c) Outstanding balances with related Companies and a Shareholder

Details of the balances with related companies and a shareholder are disclosed in note 16 to the unaudited condensed consolidated financial statements.

22. COMPARATIVE FIGURES

The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective method. Under this approach, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 3.

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 other Asian countries.

Business Review

The Group recorded revenue of approximately HK\$78.9 million for the six months ended 30 September 2019, representing an increase of approximately 0.9% as compared to the amount of approximately HK\$78.2 million for the six months ended 30 September 2018. The Group’s gross profit for the six months ended 30 September 2019 amounted to approximately HK\$12.7 million and approximately HK\$11.6 million for the six months ended 30 September 2018. The overall gross profit margin increased from 14.9% for the six months ended 30 September 2018 to approximately 16.1% for the six months ended 30 September 2019. The increase in the gross profit margin was mainly due to competitive procurement costs among the PRC manufacturing suppliers due to the impact brought by the PRC-U.S. trade dispute. In the meantime, the gross profit and gross profit margin are still subject to threats by the U.S. customers conservative procurement approach and the French customers changing its business strategy.

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 six months ended 30 September 2019, the Group recorded an unaudited revenue of approximately HK\$78.9 million, representing an increase of approximately 0.9% comparing with that of approximately HK\$78.2 million for the six months ended 30 September 2018.

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

	Six months ended 30 September			
	2019		2018	
	HK\$'000 (Unaudited)	% (Unaudited)	HK\$'000 (Unaudited)	% (Unaudited)
Jackets	39,920	50.6	45,758	58.5
Woven shirts	9,973	12.6	7,888	10.1
Pullovers	20,075	25.5	13,042	16.7
Pants and shorts	6,455	8.2	6,252	8.0
T-shirts	462	0.6	2,074	2.7
Other products (Note)	1,969	2.5	3,163	4.0
	78,854	100.0	78,177	100.0

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

During the six months ended 30 September 2019, the sales volume of the Group amounted to 738,553 units of finished products as compared to 742,913 units for the six months ended 30 September 2018. Set out below are the total sales quantities of each product category for each of the six months ended 30 September 2019 and 2018:

	Six months ended 30 September			
	2019		2018	
	Unit sold (Unaudited)	% (Unaudited)	Unit sold (Unaudited)	% (Unaudited)
Jackets	228,475	30.9	297,538	40.1
Woven shirts	73,396	9.9	62,364	8.4
Pullovers	350,418	47.5	253,270	34.1
Pants and shorts	60,763	8.2	67,216	9.0
T-shirts	5,788	0.8	41,334	5.6
Other products (Note)	19,713	2.7	21,191	2.8
	738,553	100.0	742,913	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 six months ended 30 September 2019 and 2018:

	Six months ended 30 September		
	2019 Average selling price (Note 1) HK\$ (Unaudited)	2018 Average selling price (Note 1) HK\$ (Unaudited)	Rate of change % (Unaudited)
Jackets	174.7	153.8	13.6
Woven shirts	135.9	126.5	7.4
Pullovers	57.3	51.5	11.3
Pants and shorts	106.2	93.0	14.2
T-shirts	79.8	50.2	59.0
Other products (Note 2)	99.9	149.3	(33.1)
Overall	106.8	105.2	1.5

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\$66.2 million for the six months ended 30 September 2019 from approximately HK\$66.6 million for the six months ended 30 September 2018.

Gross profit and gross profit margin

The Group's gross profit increased by approximately HK\$1.1 million from approximately HK\$11.6 million for the six months ended 30 September 2018 to approximately HK\$12.7 million for the six months ended 30 September 2019. The Group's gross profit margin significantly increased to approximately 16.1% for the six months ended 30 September 2019 from approximately 14.9% for the six months ended 30 September 2018. The slightly increase in gross profit and gross profit margin was mainly attributable to competitive procurement costs among the PRC manufacturing suppliers due to the impact brought by the PRC and the U.S. trade dispute. In the meantime, the gross profit and gross profit margin are still subject to threats by the U.S. customers conservative procurement approach and the French customers changing its business strategy.

Other income

Other income mainly consists of (i) bank interest income and (ii) sundry income. The Group's other income decreased by approximately 26.1% from approximately HK\$142,000 for the six months ended 30 September 2018 to approximately HK\$105,000 for the six months ended 30 September 2019. Such decrease was mainly attributable to the decrease in sundry income.

Other gains

Other gains consist of (i) net foreign exchange gain and (ii) reversal of impairment loss recognised in respect of trade receivables and (iii) impairment loss recognised in respect of trade receivables. The Group's recorded other gains to approximately HK\$0.2 million for the six months ended 30 September 2019 as compared with other gains of approximately HK\$0.4 million for the six months ended 30 September 2018. Such decreased 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 11.5% from approximately HK\$3.1 million for the six months ended 30 September 2018 to approximately HK\$3.4 million for the six months ended 30 September 2019. The net increase in the selling and distribution expenses was mainly attributable to the annual salary increment.

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\$14.2 million for the six months ended 30 September 2019 from approximately HK\$7.3 million for the six months ended 30 September 2018, representing an increase of approximately 94.2%. 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 Asian countries.

Listing expenses

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

Finance costs

The Group's finance costs increased by approximately HK\$161,000, or approximately 67.6%, from approximately HK\$0.2 million for the six months ended 30 September 2018 to approximately HK\$0.4 million for the six months ended 30 September 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 89.4% from approximately HK\$490,000 for the six months ended 30 September 2018 to approximately HK\$53,000 for the six months ended 30 September 2019. Such decrease was consistent with the decrease in assessable profits during the six months ended 30 September 2019 as compared to the six months ended 30 September 2018 as listing expenses incurred during the six months ended 30 September 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\$5.1 million for the six months ended 30 September 2018 to approximately HK\$5.2 million for the six months ended 30 September 2019. Such increase was mainly attributable to the net effect of 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 six months ended 30 September 2019 (six months ended 30 September 2018: Nil).

Liquidity and Financial Resources

During the six months ended 30 September 2019, 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 2019 and 31 March 2019, the Group had net current assets of approximately HK\$36.3 million and HK\$41.0 million respectively, including cash and cash equivalents of approximately HK\$26.4 million and HK\$39.5 million respectively. The Group's current ratio were approximately 2.3 times as at 30 September 2019 and 31 March 2019 respectively.

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

Gearing Ratio

The gearing ratio, which is calculated based on the borrowings divided by total equity, was 24.6% as at 30 September 2019 (31 March 2019: 23.9%). The Group's financial position is sound and strong. Taking into consideration its available bank balances and cash and banking credit facilities, the Group has sufficient liquidity to satisfy its funding requirements.

Treasury Policies

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

Capital Structure

The Shares were successfully listed on GEM on 16 April 2018. There has been no change in the Company's capital structure since 16 April 2018. The capital structure of the Group comprises of issued share capital and reserves. The Directors review the Group's capital structure regularly.

As at 30 September 2019, the Company's issued share capital was HK\$4,000,000 and the number of its issued ordinary shares was 400,000,000 of HK\$0.01 each.

Pledge of Assets

As at 30 September 2019, buildings of the Group with a carrying of approximately HK\$6.8 million has been pledged to secure bank loans obtained by the Group.

Significant Investments, Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies and Capital Assets

As at 30 September 2019, the Group did not have any significant investments, material acquisitions nor disposals of subsidiaries and affiliated companies.

Capital Commitments

As at 30 September 2019, the Group did not have any other significant capital commitments (31 March 2019: Nil).

Contingent Liabilities

The Group did not have material contingent liabilities as at 30 September 2019 (31 March 2019: 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 are minimal, the Group considers there have no significant foreign exchange risk in respect of RMB.

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 2019, the Group employed a total of 50 employees (31 March 2019: 45). 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 2019 and 2018, the Group's total staff costs (including Directors' remuneration) amounted to approximately HK\$11.6 million and HK\$4.8 million respectively. Remuneration is determined with reference to the prevailing market terms and the performance, qualification, experience, position and seniority of individual employee.

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

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 2019, 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 2019	Actual use of net proceeds up to 30 September 2019	Unutilised net proceeds as at 30 September 2019
	HK\$'000	HK\$'000	HK\$'000 (Note i)
Setting up representative offices in the U.S. and France (Note ii)	14,687	1,606	13,081
Establishing a quality control office in the PRC (Note ii)	3,432	973	2,459
Repaying bank borrowings	4,144	4,144	–
General working capital	1,900	1,900	–
	24,163	8,623	15,540

Notes:

- (i) The unused proceeds are deposited in a licensed bank in Hong Kong.
- (ii) The PRC-U.S. trade dispute has caused a high level of uncertainty to the global trade condition in the past few months. Since the Group believes such 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 proceeds for the business development plans as stated in the Prospectus. To ensure the effectiveness in the application of the remaining 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 extent in the proceeds application if appropriate.

Future Prospects

Having set up a representative office in the U.S., the Group respond to customers promptly and specifically. It enhanced our customers relationship and stabilized sales in the U.S. segment. During the six months ended 30 September 2019, the Group also set up another representative office in France. The Group believes the successful experience in the U.S. can be replicated in the French office to handle customers' demand in an efficient and effective manner and to explore more business opportunities. In the coming months, the Group will also consider setting up of a representative office in Australia for expanding the local market.

Because of the continuous PRC-U.S. trade dispute, the Group had suffered from the adverse effect substantially. The Group would carry on the cautious and conservative approach in applying the net proceeds from the Share Offer (as defined in the Prospectus). The Group may adjust the timing and the extent to which the net proceeds shall be applied in respond to the changing climate of the U.S. and European markets.

In the future, the Directors will continue to explore any business opportunities and to diversify the Group's operations in view of the business risks and market uncertainties.

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 conditions 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, Brexit and PRC-U.S. trade dispute;
- (v) The Group is dependent on third parties for the production of apparel products, any disruption in the relationships with our suppliers or their operations could adversely affect our business;
- (vi) Most of our suppliers are located in the PRC and any major adverse changes to the economic, political and social conditions of the PRC may adversely affect our business and results of operations;
- (vii) Most of the Group's products sold to U.S. are manufactured in the PRC, such that the PRC-U.S. trade dispute may have a material and adverse effect on our business, financial conditions and results of operations; and
- (viii) Any failure to maintain an effective quality control system will have a material and adverse effect on our business, financial conditions and results of operations.

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

Interests and Short Positions of Directors and Chief Executive in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporation

As at 30 September 2019, the interests and 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 (Note 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 September 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.

Rights to Acquire Shares or Debentures

Save as disclosed under the paragraph headed “Interests and Short Positions of Directors and Chief Executive in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporation” in this report, at no time during the six months ended 30 September 2019 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

Directors’ Interests in Contracts

Save as disclosed in this report of the Company, none of the Directors nor their respective close associates had a material beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the six months ended 30 September 2019.

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 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 September 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 or any Associated Corporation” 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 September 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 September 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**"). Having made specific enquiry of all the Directors, the Directors have complied with the Model Code and the Company was not aware of any non-compliance with the Model Code by the Directors during the six months ended 30 September 2019 and up to the date of this report.

Purchase, Sale or Redemption of the Company's Listed Securities

During the six months ended 30 September 2019, there has been no purchases, sales or 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 September 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 this report and the unaudited condensed consolidated results of the Company for the six months ended 30 September 2019 and is of the opinion that such results complied with the applicable accounting standards and the requirements under the GEM Listing Rules, and that adequate disclosure have been made.

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

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 8 November 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.