

i.century Holding Limited 愛世紀集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8507



century

INTERIM REPORT
2021

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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this interim report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this interim report.

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

CONTENTS

Corporate Information	2-3
Financial Highlights	4
Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	5
Unaudited Condensed Consolidated Statement of Financial Position	6-7
Unaudited Condensed Consolidated Statement of Changes in Equity	8
Unaudited Condensed Consolidated Statement of Cash Flows	9
Notes to the Unaudited Condensed Consolidated Financial Statements	10-29
Management Discussion and Analysis	30-41
Corporate Governance and Other Information	42-47

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-Executive Directors

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

COMPANY SECRETARY

Mr. Kwok Chi Yin

COMPLIANCE OFFICER

Mr. Leung Kwok Hung Wilson

AUTHORISED REPRESENTATIVES

Ms. Tam Shuk Fan
Mr. Kwok Chi Yin

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NORMINATION COMMITTEE

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

AUDITORS

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

REGISTERED OFFICE IN CAYMAN ISLANDS

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

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

Units 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 IN
CAYMAN ISLANDS***

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

***HONG KONG BRANCH SHARE
REGISTRAR AND TRANSFER
OFFICE***

Link Market Services (Hong Kong)
Pty Limited
Suite 1601, 16/F., Central Tower
28 Queen's Road Central
Hong Kong

PRINCIPAL BANKER

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

STOCK CODE

8507

COMPANY WEBSITE

www.icenturyholding.com

FINANCIAL HIGHLIGHTS

- The Group recorded an unaudited revenue of approximately HK\$91.0 million for the six months ended 30 September 2021, representing an increase of approximately 108.0% over the corresponding period in 2020.
- The unaudited profit of the Group for the six months ended 30 September 2021 amounted to approximately HK\$0.5 million, as compared to the loss of HK\$7.2 million in the corresponding period in 2020.
- The Directors do not recommend the payment of any dividend for the six months ended 30 September 2021 (six months ended 30 September 2020: nil).

INTERIM RESULTS

The board of directors (the “**Board**”) of the Company is pleased to announce the unaudited condensed consolidated financial results of the Group for the three months and six months ended 30 September 2021, together with the comparative unaudited figures for the corresponding period in 2020, are as follows:

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

For the three months and six months ended 30 September 2021

	Notes	Three months ended 30 September		Six months ended 30 September	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	6	62,501	26,569	91,036	43,759
Cost of sales		(52,147)	(21,250)	(75,386)	(35,453)
Gross profit		10,354	5,319	15,650	8,306
Other income	7	27	1,702	82	1,751
Other losses and gains, net	8	(581)	(588)	334	(235)
Selling and distribution expenses		(1,830)	(1,760)	(3,720)	(3,231)
Administrative expenses		(5,774)	(7,133)	(11,370)	(13,419)
Finance costs	9	(296)	(240)	(628)	(435)
Profit/(Loss) before tax	10	1,900	(2,700)	348	(7,263)
Income tax credit	11	43	29	176	70
Profit/(Loss) for the period		1,943	(2,671)	524	(7,193)
Other comprehensive income/(loss)					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences arising on translation of foreign operations		1	40	(3)	40
Total comprehensive income/(loss) for the period attributable to owners of the Company		1,944	(2,631)	521	(7,153)
Earnings/(Loss) per share					
Basic and diluted (HK cents)	13	0.5	(0.7)	0.1	(1.8)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

	Notes	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	14	1,086	7,975
Right-of-use assets		120	188
		1,206	8,163
Current assets			
Inventories		3,167	–
Trade receivables	15	31,556	21,877
Deposits paid, prepayments and other receivables		17,395	12,665
Amounts due from related companies	16	686	2,896
Pledged bank deposits		–	9,000
Bank balances and cash		24,126	10,274
		76,930	56,712
Assets classified as held for sale	17	6,438	–
		83,368	56,712

	Notes	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Current liabilities			
Trade and bills payables	18	13,081	5,615
Other payables and accruals		3,510	2,731
Contract liabilities		16,300	10,428
Bank overdrafts	19	13,904	22,106
Bank borrowings	19	4,648	4,101
Amounts due to a related company	16	12,958	–
Lease liabilities		103	133
		64,504	45,114
Net current assets		18,864	11,598
Total assets less current liabilities		20,070	19,761
Equity attributable to owners of the Company			
Share capital	20	4,000	4,000
Reserves		15,904	15,383
Total equity		19,904	19,383
Non-current liabilities			
Deferred tax liabilities		166	342
Lease liabilities		–	36
		166	378
		20,070	19,761

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2021

	Attributable to owners of the Company					Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Contribution reserve HK\$'000	Exchange reserve HK\$'000	(Accumulated losses)/ Retained earnings HK\$'000	
At 1 April 2020 (Audited)	4,000	43,238	–*	(48)	(11,152)	36,038
Loss for the period	–	–	–	–	(7,193)	(7,193)
Other comprehensive income for the period:						
Exchange differences arising on translation of foreign operations	–	–	–	40	–	40
Total comprehensive loss for the period	–	–	–	40	(7,193)	(7,153)
At 30 September 2020	4,000	43,238	–*	(8)	(18,345)	28,885
At 1 April 2021 (Audited)	4,000	43,238	–*	(12)	(27,843)	19,383
Profit for the period	–	–	–	–	524	524
Other comprehensive loss for the period:						
Exchange differences arising on translation of foreign operations	–	–	–	(3)	–	(3)
Total comprehensive income for the period	–	–	–	(3)	524	521
At 30 September 2021	4,000	43,238	–*	(15)	(27,319)	19,904

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2021

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Operating activities		
Cash used in operating activities	13,350	(9,678)
Income tax refund	–	2,241
Net cash generated from/(used in) operating activities	13,350	(7,437)
Investing activities		
Interest received	41	1
Purchase of property, plant and equipment	(186)	(78)
Placement of pledged bank deposit	–	(9,000)
Withdrawal of pledged bank deposit	9,000	–
Net cash generated from/(used in) investing activities	8,855	(9,077)
Financing activities		
Interest paid	(624)	(427)
Proceeds from bank borrowings	1,000	4,000
Repayments of bank borrowings	(453)	(7,061)
Repayments of lease of liabilities	(71)	(62)
Net cash used in financing activities	(148)	(3,550)
Net increase/(decrease) in cash and cash equivalents	22,057	(20,064)
Cash and cash equivalents at beginning of the period	(11,832)	16,937
Effect of foreign exchange rate changes	(3)	56
Cash and cash equivalents at the end of the period	10,222	(3,071)
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	24,126	11,095
Bank overdrafts	(13,904)	(14,166)
	10,222	(3,071)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

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

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

The shares of the Company (the "**Shares**") have been listed on GEM of the Stock Exchange on 16 April 2018 (the "**Listing Date**").

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

2. *BASIS OF PREPARATION*

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2021 have been prepared in accordance with the Hong Kong Accounting Standard 34, *Interim Financial Reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), the applicable disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622) and the GEM Listing Rules.

The unaudited condensed consolidated financial information for the six months ended 30 September 2021 have been prepared on the historical cost basis.

The unaudited condensed consolidated financial statements does not include all information and disclosures as required in the annual financial statements and should be read in conjunction with the Company’s annual report for the year ended 31 March 2021.

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

During the period, certain new and revised Hong Kong Financial Reporting Standard (“**HKFRSs**”) have been issued. HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. The Directors considered that the adoption of new and revised HKFRSs which are effective for the accounting period beginning on 1 April 2021 will not have any material impact on the preparation and presentation of the results and financial conditions of the current and previous periods. For the HKFRSs that are not yet effective nor have not been early adopted, the Group is in the process of making an assessment of the potential impact of the newly issued HKFRSs.

4. ESTIMATES

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

In preparing this condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2021.

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

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

	Three months ended 30 September		Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Customer A	10,729	5,994	16,297	10,360
Customer B	8,656	N/A	14,340	N/A
Customer C	12,413	N/A	12,413	N/A
Customer D	8,221	9,101	9,494	10,549
Customer E	N/A	3,900	N/A	7,244
Customer F	-	-	-	4,530

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

5. SEGMENT INFORMATION (continued)

(b) Geographical information

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

Revenue from external customers

	Three months ended 30 September		Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
United States of America ("U.S.")	30,667	19,409	40,799	30,542
France	1,374	3,081	1,456	6,407
Other European countries (note i)	16,056	565	27,608	1,022
Australia	12,342	2,188	17,433	3,019
Canada	369	162	715	249
Japan	842	737	1,883	2,020
Other location (note ii)	851	427	1,142	500
	62,501	26,569	91,036	43,759

Notes:

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

5. *SEGMENT INFORMATION (continued)**(b) Geographical information (continued)***Non-current assets**

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Hong Kong	1,041	7,923
The PRC, excluding Hong Kong	89	122
France	75	118
	1,205	8,163

6. REVENUE

Disaggregated of revenue from contracts with customers:

	Three months ended		Six months ended	
	30 September		30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sales of goods	62,501	26,569	91,036	43,759

7. OTHER INCOME

	Three months ended		Six months ended	
	30 September		30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Government grants	–	1,693	32	1,747
Interest income	19	1	41	1
Sundry income	8	8	9	3
	27	1,702	82	1,751

8. OTHER LOSSES AND GAINS, NET

	Three months ended 30 September		Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Loss on lease modification	-	(29)	-	(29)
Net foreign exchange loss	(26)	(65)	(35)	(74)
(Impairment loss)/Reversal of impairment loss recognised in respect of trade receivables, net	(635)	(577)	256	(297)
Bad debt recovered	55	83	166	165
Reversal of impairment loss/ (Impairment loss) recognised in respect of deposits and other receivables, net	25	-	(53)	-
	(581)	(588)	334	(235)

9. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Interest on bank overdrafts	265	209	564	400
Interest on bank borrowings	29	27	57	27
Interest on bills payables	-	-	3	-
Interest on lease liabilities	2	4	4	8
	296	240	628	435

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	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Auditors' remuneration	120	142	245	298
Depreciation of property, plant and equipment	304	459	638	917
Depreciation of right-of-use assets	34	44	69	108
Rental expenses in respect of short-term leases	276	258	552	509
Cost of inventories sold	48,215	19,283	70,183	32,726
Staff costs including Directors' remuneration (note)				
– Salaries and wages	4,795	5,958	9,665	11,621
– Staff benefits	64	25	93	108
– Retirement benefit scheme contributions	199	215	391	401
	5,058	6,198	10,149	12,130

Note: Staff costs including Directors' remuneration included in "Selling and distribution expenses" are salaries and wages of approximately HK\$3,275,000 (six months ended 30 September 2020: HK\$2,935,000) are retirement benefit scheme contributions of approximately HK\$222,000 (six months ended 30 September 2020: HK\$215,000).

11. INCOME TAX CREDIT

	Three months ended 30 September		Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Current tax – Hong Kong Profits Tax – Charge for the period	-	-	-	-
Current tax – Overseas taxation – Charge for the period	-	(8)	-	(8)
Deferred tax – Credit for the period	43	37	176	78
	43	29	176	70

Under the two-tiered profits tax rates regime in Hong Kong, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% (2020: 16.5%)

11. INCOME TAX CREDIT (continued)

Under the Law of the People's Republic of China (the "PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for the six months ended 30 September 2021 and 2020.

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

No provision for Hong Kong Profits Tax had been made as the Group has sufficient tax losses brought forward to set off the current period's assessable profit.

No provision for PRC Enterprise Income Tax had been made as the Group had no assessable profit for the period ended 30 September 2021 and 2020.

12. DIVIDEND

The Directors do not recommend the payment of dividend for the six months ended 30 September 2021 and 2020.

13. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share attributable to the owners of the Company is based on the following data:

	Three months ended 30 September		Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Earnings/(Loss)				
Earnings/(loss) for the purpose of calculating basic earnings/(loss) per share	1,943	(2,671)	524	(7,193)
	'000	'000	'000	'000
Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings/loss per share	400,000	400,000	400,000	400,000

No diluted earnings/loss per share was presented as there was no potential dilutive potential shares outstanding during the three months and six months ended 30 September 2021 and 2020.

14. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2021, the Group acquired plant and equipment of approximately HK\$186,000 (six months ended 30 September 2020: HK\$78,000).

In addition, a building of the Group with a carrying amount of approximately HK\$6,438,000 was transferred from property, plant and equipment to asset held for sale (note 17).

15. TRADE RECEIVABLES

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Trade receivables	32,437	23,014
Less: allowance for credit losses	(881)	(1,137)
	31,556	21,877

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 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
1-30 days	13,158	3,208
31-60 days	7,043	8,618
61-90 days	4,127	4,204
Over 90 days	7,228	5,847
	31,556	21,877

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

The Group allows credit period up to 90 days (31 March 2021: 90 days) to its customers.

16. AMOUNTS DUE FROM/(TO) RELATED COMPANIES

Amounts due from/(to) related companies are unsecured, interest free and repayable on demand.

During the period ended 30 September 2021, the maximum amounts due from related companies are approximately HK\$2,896,000 (31 March 2021: HK\$2,896,000).

17. ASSETS CLASSIFIED AS HELD FOR SALE

On 21 July 2021, Majestic City International Limited (“**Vendor**”), an indirect wholly-owned subsidiary of the Company, Wayland Property Investments Limited (“**Purchaser**”) and Centaline Property Agency Limited (“**Property Agent**”) entered into preliminary sale and purchase agreement, pursuant to which the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase Factory No. 12 and 13, 2/F., Elite Industrial Centre, No. 883 Cheung Sha Wan Road, Kowloon, Hong Kong (“**Properties**”) for a consideration of HK\$22,649,000. The transaction was completed on 8 October 2021.

Upon the completion, the Vendor and the Purchaser will enter into the tenancy agreement, whereby the Vendor will lease back the Properties, together with the two units adjacent to the Properties for the Group’s use for a term of 18 months commencing from the date of completion at a monthly fee of HK\$100,000 (rents and rates and management fees inclusion).

As at 30 September 2021, the property, plant and equipment of approximately HK\$6,438,000 has been classified as held for sale in the unaudited condensed consolidated statement of financial position. Since the recoverable amount is greater than the carrying amount and no impairment loss was recognised for the period ended 30 September 2021.

Bank overdrafts of approximately HK\$13,904,000 are guaranteed by a corporate guarantee executed by the Company and are secured on the Group’s buildings held of sale with a carrying amount of approximately HK\$6,438,000 (note 19). The security would be released subsequent to the completion of the sale.

18. TRADE AND BILLS PAYABLES

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Trade payables	13,081	4,016
Bills payables	–	1,599
	13,081	5,615

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

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
0-30 days	6,715	1,219
31-60 days	2,550	1,852
61-90 days	1,528	402
Over 90 days	2,288	543
	13,081	4,016

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

Bills payables are aged within 90 days and secured by pledged bank deposits.

19. BANK OVERDRAFTS AND BANK BORROWINGS

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Within one year	14,827	23,000
Within a period of more than one year but not exceeding two years	3,335	920
Within a period of more than two years but not exceeding five years	390	2,287
	18,552	26,207
Less: Amounts classified as current liabilities – secured and guaranteed borrowings due within one year or contain a repayment on demand clause	(18,552)	(26,207)
Amounts classified as non-current liabilities	–	–

All the Group's bank overdrafts and bank borrowings are with floating interest rates. The effective interest rates on the Group's bank overdrafts and bank borrowings range from 2.75% to 6.00% at 30 September 2021 (31 March 2021: 2.75% to 6.00%).

20. SHARE CAPITAL

	Number of shares '000	Carrying amount HK'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 31 March 2021 and 30 September 2021	10,000,000	100,000
Issued and fully paid:		
At 31 March 2021 and 30 September 2021	400,000	4,000

21. CONTINGENT LIABILITIES

At 30 September 2021, the Group did not have any contingent liabilities.

22. MATERIAL RELATED PARTY TRANSACTIONS

(a) Related party transactions

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

	Three months ended 30 September		Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Rental expense to Joint Linker Investment Limited	123	123	246	246
Rental expense to Turbo Profit Investment Limited	103	103	207	207

Note: The related companies are controlled by Mr. Leung and Ms. Tam, who are the controlling shareholders and executive directors of the Company.

22. MATERIAL RELATED PARTY TRANSACTIONS (continued)

(b) Key management personnel compensation

	Three months ended 30 September		Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Short term employee benefits	2,486	2,656	5,076	5,251
Post-employment benefits	37	35	77	88
	2,523	2,691	5,153	5,339

(c) Outstanding balances with related companies

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

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

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

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

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

BUSINESS REVIEW

The Group recorded revenue of approximately HK\$91.0 million for the six months ended 30 September 2021, representing an increase of approximately 108.0% as compared to the amount of approximately HK\$43.8 million for the six months ended 30 September 2020.

The Group's gross profit increased from approximately HK\$8.3 million for the six months ended 30 September 2020 to approximately HK\$15.7 million for the six months ended 30 September 2021. The overall gross profit margin decreased from 19.0% for the six months ended 30 September 2020 to approximately 17.2% for the six months ended 30 September 2021. The decrease in the gross profit margin was mainly suffered from the high freight rate as compared with the correspondence period.

The Group's total comprehensive income attributable to owners of the Company turned around to approximately HK\$0.5 million for the six months ended 30 September 2021 as compared with a loss of HK\$7.2 million with the corresponding period. The main reason for the turned around was that the Group's revenue was increase by 108.0% as discussed above.

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, top and accessories, such as face mask and bags, through the provision of apparel SCM services to our customers. For the six months ended 30 September 2021, the Group recorded an unaudited revenue of approximately HK\$91.0 million, representing an increase of approximately 108.0% comparing with that of approximately HK\$43.8 million for the six months ended 30 September 2020. The significant increase in revenue was mainly due to increase in sales volume.

The following table sets out a breakdown of the Group's unaudited revenue by product categories for the six months ended 30 September 2021 and 2020:

Product category	Six months ended 30 September			
	2021		2020	
	HK\$'000 (Unaudited)	% (Unaudited)	HK\$'000 (Unaudited)	% (Unaudited)
Jackets	25,409	27.9	18,675	42.7
Woven shirts	9,623	10.6	3,610	8.3
Pullovers	23,853	26.2	12,536	28.6
Pants and shorts	15,500	17.0	4,874	11.1
T-shirts	10,201	11.2	1,258	2.9
Other products (note)	6,450	7.1	2,806	6.4
	91,036	100.0	43,759	100.0

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

During the six months ended 30 September 2021, the sales volume of the Group amounted to 852,863 units of finished products as compared to 419,836 units for the six months ended 30 September 2020. Set out below are the total sales quantities of each product category for each of the six months ended 30 September 2021 and 2020:

Product category	Six months ended 30 September 2021		2020	
	Unit sold (Unaudited)	% (Unaudited)	Unit sold (Unaudited)	% (Unaudited)
Jackets	136,147	16.0	85,680	20.4
Woven shirts	86,909	10.2	28,831	6.9
Pullovers	239,705	28.1	219,929	52.4
Pants and shorts	160,767	18.9	39,605	9.4
T-shirts	157,275	18.4	22,034	5.2
Other products (note)	72,060	8.4	23,757	5.7
	852,863	100.0	419,836	100.0

Note: Other products include, for example, dress, top and accessories such as face mask and 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 2021 and 2020:

Product category	Six months ended 30 September		
	2021	2020	
	Average selling price (note 1)	Average selling price (note 1)	Rate of change
	HK\$ (Unaudited)	HK\$ (Unaudited)	% (Unaudited)
Jackets	186.6	218.0	(14.4)
Woven shirts	110.7	125.2	(11.6)
Pullovers	99.5	57.0	74.6
Pants and shorts	96.4	123.1	(21.7)
T-shirts	64.9	57.1	13.6
Other products (note 2)	89.5	118.1	(24.2)
Overall	106.7	104.2	2.4

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 face mask and 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 increased from approximately HK\$35.5 million for the six months ended 30 September 2020 to approximately HK\$75.4 million for the six months ended 30 September 2021. Such increase was due to an increase in sales volume together with high freight rate.

Gross profit and gross profit margin

The Group's gross profit increase by approximately 88.4% from approximately HK\$8.3 million for the six months ended 30 September 2020 to approximately HK\$15.7 million for the six months ended 30 September 2021. The Group's gross profit margin decreased from approximately 19.0% for the six months ended 30 September 2020 to approximately 17.2% for the six months ended 30 September 2021. The decrease in the gross profit margin was mainly suffered from the high freight rate as compared with the correspondence period.

Other income

Other income mainly consists of (i) bank interest income, (ii) sundry income and (iii) government subsidy. The Group's other income decreased by approximately 95.3% from approximately HK\$1.8 million for the six months ended 30 September 2020 to approximately HK\$82,000 for the six months ended 30 September 2021. Such decrease was mainly due to significant reduce subsidy from the Employment Support Scheme from the HKSAR Government under the Anti-epidemic Fund amounted to approximately HK\$1.8 million.

Other losses or gains, net

Other losses or gains consist of (i) net foreign exchange losses, (ii) reversal of impairment loss recognised in respect of trade receivables and (iii) bad debts recovered. The Group's recorded other gains to approximately HK\$0.3 million for the six months ended 30 September 2021 as compared with other losses of approximately HK\$0.2 million for the six months ended 30 September 2020. Such gains was mainly due to reversal of impairment loss 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 15.1% from approximately HK\$3.2 million for the six months ended 30 September 2020 to approximately HK\$3.7 million for the six months ended 30 September 2021. The net increase in the selling and distribution expenses was due to increase headcount in our Australian representative office.

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 decreased to approximately HK\$11.4 million for the six months ended 30 September 2021 from approximately HK\$13.4 million for the six months ended 30 September 2020, representing an decrease of approximately 15.3%. Such decrease was mainly attributable to the voluntarily reduced their staff costs from general and administrative staff.

Finance costs

The Group's finance costs increased by approximately 44.4%, from approximately HK\$0.4 million for the six months ended 30 September 2020 to approximately HK\$0.6 million for the six months ended 30 September 2021. The increase was mainly due to the increase in bank borrowings taken out by the Group to finance daily operations.

Income tax credit

Income tax credit of the Group increased from approximately HK\$70,000 for the six months ended 30 September 2020 to approximately HK\$176,000 for the six months ended 30 September 2021. The income tax credit mainly derived from the reversal of deferred tax liability for less capital allowance being entitled for the six months ended 30 September 2021.

Total comprehensive income/(loss) attributable to owners of the Company

Total comprehensive income for the period was approximately HK\$0.5 million for the six months ended 30 September 2021, as compared to total comprehensive loss for the period was approximately HK\$7.2 million for the six months ended 30 September 2020. Such improvement was mainly attributable to the increase in revenue and gross profit during the six months ended 30 September 2021 when comparing with that of the same period in previous period.

DIVIDEND

The Directors do not recommend the payment of dividend for the six months ended 30 September 2021 (six months ended 30 September 2020: nil).

LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30 September 2021, the Group's operations were mainly financed through internally generated cash flows, borrowings from banks and net proceeds from Listing Date. As at 30 September 2021 and 31 March 2021, the Group had net current assets of approximately HK\$18.9 million and HK\$11.6 million respectively, including cash and cash equivalent of approximately HK\$24.1 million and HK\$10.3 million and pledged bank deposits of HK\$nil and HK\$9.0 million, respectively. The Group's current ratio were approximately 1.3 times as at 30 September 2021 and 31 March 2021, 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 total debts (include lease liabilities, bank overdrafts and bank borrowings) divided by total equity. As at 30 September 2021 and 31 March 2021, the Group's gearing ratio was approximately 93.7% and 136.1%, respectively.

PRINCIPAL RISKS AND UNCERTAINTIES

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

- (i) the Group is exposed to credit risks of our customers;
- (ii) the Group relies on several major customers and does not enter into long-term contracts with the customers. Any disruption in the business relationships with the Group's major customers may materially and adversely affect the business, prospects, financial condition and results of operations;
- (iii) the Group is subject to intense competition from competitors engaging South and Southeast Asian manufacturers, and if the Group fails to compete successfully against the competitors, the profitability and financial performance may be adversely affected;
- (iv) risks relating to the Group's business operations involving the U.S. and French customers as well as Brexit;
- (v) the Group is dependent on third parties for the production of apparel products, are 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 of the Company dated 29 March 2018 (the "**Prospectus**").

TREASURY POLICIES

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

CAPITAL STRUCTURE

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

As at 30 September 2021, 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 2021, buildings of the Group with a carrying value of approximately HK\$6.4 million (which was classified as asset held for sale) were pledged to secure bank overdrafts obtained by the Group and bank deposit of HK\$nil was pledged to secure overdraft facilities to the Group (31 March 2021: buildings of HK\$6.5 million and bank deposit of HK\$9.0 million).

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

As at 30 September 2021, the Group did not have any significant investments, material acquisitions nor disposals of subsidiaries and affiliated companies.

CAPITAL COMMITMENTS

As at 30 September 2021, the Group did not have any other significant capital commitments (31 March 2021: nil).

CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 30 September 2021 (31 March 2021: 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 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 2021, the Group employed a total of 47 full-time employees (30 September 2020: 54). 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 2021, the Group's total staff costs (including Directors' remuneration) amounted to approximately HK\$10.1 million (30 September 2020: approximately HK\$12.1 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.

FUTURE PROSPECTS

During the pandemic of the COVID-19, more demand from the online brand owners arise. Then, the sales for six months ended 30 September 2021 was increased significantly. Such circumstance was expected to sustain in the rest of this year or even early of the next year. We will allocate more resources to capture such emergency growth of the market.

However, even there were outbreak of the COVID-19 over many countries, some prevention measures were uplifted in view of enhancing their local economy recovery. It was uncertain that the dramatic growth can be maintained throughout the next year.

We will continuously assign resources to promote "sustainability" as our main goal and to build up our brand and image for enhancing the sales growth.

USE OF PROCEEDS

The net proceeds from the Listing, after deducting listing-related expenses, were approximately HK\$31.0 million (the "**Net Proceeds**"). On 8 February 2021, the Board resolved to change the use of Net Proceeds in connection to expand the existing representative office in Melbourne, Australia. Details of the change of use of proceeds are set out in the Company's announcement dated 8 February 2021. The unutilised Net Proceeds have been and will be applied according to the disclosure in the Prospectus and the announcement of the Company dated 8 February 2021.

An analysis of the utilisation of the Net Proceeds as at 30 September 2021 are as set out below:

Intend use of Net Proceeds	Revised	Actual use	Unutilised	Expected timeline for intended use
	planned application of the Net Proceeds	of net proceeds up to 30 September 2021	net proceeds as at 30 September 2021	
	HK\$'000	HK\$'000	HK\$'000	
Setting up representative offices in the U.S. and France (note ii)	16,257	5,448	10,809	By the end of 31 March 2022
Establishing a quality control office in the PRC	4,679	4,679	–	N/A
Repaying bank borrowings	4,144	4,144	–	N/A
General working capital	1,900	1,900	–	N/A
Expansion of existing representative office in Melbourne, Australia (note ii)	4,000	890	3,110	By the end of 31 March 2022
	30,980	17,061	13,919	

Notes:

- (i) The unused proceeds are deposited in a licensed bank in Hong Kong.
- (ii) The expected timeline of application of unutilised Net Proceeds is based on the future market conditions made by the Group. It will be subject to change based on the current and future development of the Group's business and the market conditions.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 September 2021, the interests or short positions of each of the Directors and the chief executive of the Company in 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 (the “**SFO**”), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions in which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein (the “**Register**”); or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange were as follows:

Long position in the shares of the Company

Name of Directors	Capacity/nature of interest	Number of interested shares	Approximate percentage of the Company's issued share capital
Mr. Leung	Interest in a controlled corporation	280,000,000	70%
Ms. Tam	Interest in a controlled corporation	280,000,000	70%

Note: Such 280,000,000 shares are registered in the name of Giant Treasure, a company beneficially owned as to 50% by Mr. Leung and 50% by Ms. Tam. Mr. Leung and Ms. Tam are husband and wife. Therefore, each of Mr. Leung and Ms. Tam is deemed to be interested in all the shares held by Giant Treasure under the SFO.

Save as disclosed above and so far as is known to the Directors, as at 30 September 2021, none of the Directors nor chief executive of the Company had or was deemed to have any other interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the Register; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transaction by Directors, to be notified to the Company and the Stock Exchange.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES, UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

So far as the Directors are aware of, as at 30 September 2021, the following persons/entities other than a Director or the chief executive of the Company had interests or short positions in the shares and underlying shares, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the issued voting shares of the Company:

Long positions in the shares of the Company

Name of Shareholder	Capacity/nature of interest	Number of issued shares held/interested in	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 and so far as is known to the Directors, as at 30 September 2021, the Directors were not aware of any other persons who had, or was deemed to have, interest or short positions in the shares or underlying shares of the Company would fall to be required to be disclosed to the Company and the Stock Exchange 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 were directly or indirectly interested in 5% or more of the issued voting shares of the Company.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this interim report, at no time during the six months ended 30 September 2021 was the Company, its holding Company or any of its subsidiaries or fellow subsidiaries a party to an arrangement that would enable the Directors or their close associates to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

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

During the six months ended 30 September 2021, there has been no purchases, sales and redemption of the Company's listed securities by the Company or any of its subsidiaries.

NON-COMPETITION UNDERTAKINGS BY CONTROLLING SHAREHOLDERS

For the period ended 30 September 2021, 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 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.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Model Code**”). The Company had also made specific enquiries to all the Directors and the Company was not aware of any non-compliance with the Model Code by the Directors during the six months ended 30 September 2021 and up to the date of this interim report.

COMPLIANCE WITH CORPORATE GOVERNANCE PRACTICES

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

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in this interim report, 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 2021.

CHANGES OF DIRECTORSHIP AND DIRECTORS' INFORMATION

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, except for Ms. Lee Yin Mei resigned as an executive director with effect from 3 May 2021, there were no changes of directorship and changes in the information of the Directors subsequent to the date of the annual report 2021.

EVENT AFTER THE REPORTING PERIOD

Except for the disclosed in note 17 to this interim report in respect of the Assets Classified as held for Sale to be completed on 8 October 2021. The Board is not aware of any significant events affecting the Group after the reporting period and up to the date of this interim report.

AUDIT COMMITTEE

The Company has established the audit committee (the “**Audit Committee**”) with written terms of reference which are no less exacting terms than those set out in the CG Code and Corporate Governance Report contained in Appendix 15 of the GEM Listing Rules. Currently, the Audit Committee consists of three independent non-executive Directors, namely Ms. Cheung Wai Man, Mr. Lau Yau Chuen Louis and Mr. Lee Kwun Ting, and Mr. Lau Yau Chuen Louis has been appointed as the chairman of the Audit Committee and is the independent non-executive Director with the appropriate professional qualifications.

The Audit Committee had reviewed this interim report and the unaudited condensed consolidated results of the Company for the six months ended 30 September 2021, 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, 10 November 2021

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