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Century Group International Holdings Limited

世紀集團國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2113)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020

The board (the “**Board**”) of directors (the “**Directors**”) of Century Group International Holdings Limited (the “**Company**”) hereby announces the audited consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2020 (the “**Reporting Period**”) together with the comparative figures for the year ended 31 March 2019.

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the year ended 31 March 2020 amounted to approximately HK\$251.8 million (for the year ended 31 March 2019: approximately HK\$142.9 million).
- Gross profit for the year ended 31 March 2020 amounted to approximately HK\$7.9 million (for the year ended 31 March 2019: gross loss of approximately HK\$74.5 million).
- Loss attributable to owners of the Company for the year ended 31 March 2020 amounted to approximately HK\$8.1 million (for the year ended 31 March 2019: approximately HK\$86.9 million).
- Basic and diluted loss per share for the year ended 31 March 2020 amounted to approximately HK1 cents (for the year ended 31 March 2019: approximately HK11.3 cents).
- The Board does not recommend the declaration of a dividend for the year ended 31 March 2020.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 March 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue	4	251,760	142,852
Cost of sales and services		<u>(243,868)</u>	<u>(217,318)</u>
Gross profit (loss)		7,892	(74,466)
Other income, other gains and losses	5	1,421	478
Administrative expenses		(18,239)	(14,167)
Finance costs	6	<u>(1,042)</u>	<u>(661)</u>
Loss before taxation		(9,968)	(88,816)
Income tax credit	7	<u>1,823</u>	<u>1,924</u>
Loss for the year		<u>(8,145)</u>	<u>(86,892)</u>
Other comprehensive expenses			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		<u>—*</u>	<u>—</u>
Total comprehensive expenses for the year		<u>(8,145)</u>	<u>(86,892)</u>
Loss for the year attributable to:			
Owners of the Company		(8,145)	(86,892)
Non-controlling interests		<u>—*</u>	<u>N/A</u>
		<u>(8,145)</u>	<u>(86,892)</u>
Total comprehensive expenses for the year attributable to:			
Owners of the Company		(8,145)	(86,892)
Non-controlling interests		<u>—*</u>	<u>N/A</u>
		<u>(8,145)</u>	<u>(86,892)</u>
Loss per share (HK cents)			
– Basic and diluted	9	<u>(1)</u>	<u>(11.3)</u>

* *Less than HK\$1,000*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Non-current assets			
Plant and equipment		12,820	25,493
Right-of-use assets		471	–
Goodwill		2	–
Equity instruments at fair value through other comprehensive income		–*	–*
Restricted bank balances		–	15,293
		<u>13,293</u>	<u>40,786</u>
Current assets			
Inventories		28	–
Trade and other receivables, deposits and prepayments	<i>10</i>	7,450	16,850
Contract assets	<i>11</i>	56,475	43,523
Restricted bank balances		15,455	–
Bank balances and cash		27,579	12,997
		<u>106,987</u>	<u>73,370</u>
Current liabilities			
Trade and other payables	<i>12</i>	40,517	32,481
Amount due to a director		–	350
Lease liabilities		442	–
		<u>40,959</u>	<u>32,831</u>
Net current assets		<u>66,028</u>	<u>40,539</u>
Total assets less current liabilities		<u>79,321</u>	<u>81,325</u>

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Non-current liabilities			
Lease liabilities		38	–
Deferred tax liability		1,659	3,485
		<u>1,697</u>	<u>3,485</u>
Net assets		<u>77,624</u>	<u>77,840</u>
Capital and reserves			
Share capital		8,048	7,678
Reserves		69,576	70,162
		<u>77,624</u>	<u>77,840</u>
Equity attributable to owners of the Company		77,624	77,840
Non-controlling interests		–*	N/A
		<u>77,624</u>	<u>77,840</u>
Total equity		<u>77,624</u>	<u>77,840</u>

* Less than HK\$1,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company is an exempted company with limited liability incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. On 16 December 2019, the former immediate holding company, China Century Holdings Limited (“**China Century**”), a company incorporated in the British Virgin Islands, has disposed of 225,330,000 shares of the Company, representing 28% of the total issued share capital of the Company to D’Legem Group Limited (“**D’Legem**”), a company incorporated with limited liability in Hong Kong. On 20 December 2019 and 24 December 2019, China Century further disposed of on the Stock Exchange 201,185,000 and 134,020,000 shares of the Company, respectively. Immediately after these transactions, D’Legem becomes the immediate and ultimate shareholder of the Company. Its ultimate controlling party is Mr. Chow Hon.

The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, and the address of the principal place of business of the Company is Office D, 16/F., Kings Wing Plaza 1, No. 3 On Kwan Street, Shek Mun, N.T., Hong Kong.

The Company is an investment holding company and its subsidiaries are engaged in provision of construction and site formation services and trading of liquefied natural gas.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group had bank balances and cash of HK\$27.6 million and trade and other payables of HK\$40.5 million as at 31 March 2020, and the Group incurred a net loss of HK\$8.1 million for the year ended 31 March 2020 (2019: HK\$86.9 million).

In the opinion of the directors of the Company, the Group has a number of sources of finance available to fund its operations including future operating cash flows and the financial support provided by its ultimate controlling party and the ultimate holding company. The directors of the Company are confident that the Group will be able to meet its financial obligations when they fall due for at least the next twelve months from the end of the reporting period. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

New and Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year:

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 year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3.1 HKFRS 16 Leases

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

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 not apply this standard 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.

As at 1 April 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening accumulative losses 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 a lease-by-lease basis, to the extent relevant to the respective lease contracts:

- 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;

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 incremental borrowing rate applied is 5.12%.

	<i>HK\$'000</i>
Operating lease commitments disclosed as at 31 March 2019	42
Lease liabilities discounted at relevant incremental borrowing rates	42
Less: Recognition exemption – low value assets	(12)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16 as at 1 April 2019	30
Analysed as	
Current	30

New and Amendments to HKFRSs that have been issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but not yet effective:

HKFRS 17	Insurance Contracts ¹
Amendments to HKFRS 3	Definition of a Business ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture ³
Amendments to HKAS 1 and HKAS 8	Definition of Material ⁴
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform ⁴

¹ Effective for annual periods beginning on or after 1 January 2021.

² Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

³ Effective for annual periods beginning on or after a date to be determined.

⁴ Effective for annual periods beginning on or after 1 January 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

Except as described below, the Directors anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 and HKAS 8 Definition of Material

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgments. In particular, the amendments:

- include the concept of “obscuring” material information in which the effect is similar to omitting or misstating the information;
- replace threshold for materiality influencing users from “could influence” to “could reasonably be expected to influence”; and
- include the use of the phrase “primary users” rather than simply referring to “users” which was considered too broad when deciding what information to disclose in the financial statements.

The amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group’s annual period beginning on 1 April 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

Conceptual Framework for Financial Reporting 2018 (the “New Framework”) and the Amendments to References to the Conceptual Framework in HKFRS Standards

The New Framework:

- reintroduces the terms stewardship and prudence;
- introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument;
- discusses historical cost and current value measures, and provides additional guidance on how to select a measurement basis for a particular asset or liability;
- states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances other comprehensive income will be used and only for income or expenses that arise from a change in the current value of an asset or liability; and
- discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements.

Consequential amendments have been made so that references in certain HKFRSs have been updated to the New Framework, whilst some HKFRSs are still referred to the previous versions of the framework. These amendments are effective for annual periods beginning on or after 1 January 2020, with earlier application permitted. Other than specific standards which still refer to the previous versions of the framework, the Group will rely on the New Framework on its effective date in determining the accounting policies especially for transactions, events or conditions that are not otherwise dealt with under the accounting standards.

4. REVENUE AND SEGMENT INFORMATION

(a) Revenue

Disaggregation of revenue from contracts with customers

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Sales of liquefied natural gas (“LNG”)	322	–
Construction and site formation services		
– private sector	523	5,674
– public sector	250,915	137,178
	251,760	142,852
Timing of revenue recognition		
Over time	251,438	142,852
At a point in time	322	–
	251,760	142,852

Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price of construction contracts allocated to the remaining performance obligations as at 31 March 2020 amounting to approximately HK\$175,092,000 (2019: HK\$240,125,000). The Directors expect that all the remaining performance obligations will be recognised as revenue in the next one year from the end of the reporting period.

(b) Segment information

Information reported to the Directors, being the chief operating decision maker (“**CODM**”), for the purposes of resource allocation and assessment of segment performance focuses on nature of business.

During the year, the Group commenced the business engaging in trading of LNG along with the acquisition of a subsidiary, and it is considered as a new operating and reportable segment by the CODM.

The Group’s reportable segments under HKFRS 8 are as follows:

- a. Construction and site formation business – provision of construction and site formation services
- b. Trading business – sales of LNG

(i) Geographical information

Information about the Group's revenue from external customers is presented based on the location of the LNG delivered and the projects carried out, as follows:

	2020	2019
	HK\$'000	HK\$'000
The People's Republic of China ("PRC") – LNG	322	–
Hong Kong – projects	251,438	142,852
	251,760	142,852

(ii) Information about major customers

Revenue from customers of the corresponding year contributing over 10% of the total revenue of the Group are as follows:

	2020	2019
	HK\$'000	HK\$'000
Customer A	107,648	102,967
Customer B	51,523	N/A*
Customer C	51,130	N/A*
Customer D	39,977	31,667

* The corresponding revenue did not contribute over 10% of total revenue of the Group.

5. OTHER INCOME, OTHER GAINS AND LOSSES

	2020	2019
	HK\$'000	HK\$'000
Bank interest income	166	110
Gain on disposals of plant and equipment	696	–
Gain on disposal of investments in subsidiaries	71	–
Refund of contributions from Mandatory Provident Fund Scheme	332	359
Others	156	9
	1,421	478

6. FINANCE COSTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interest on:		
– unsecured bank overdrafts and unsecured bank borrowings	–	55
– secured loan	1,013	–
– lease liabilities/obligations under finance leases	29	606
	<u>1,042</u>	<u>661</u>

Note:

During the year ended 31 March 2020, the Group has raised a secured loan of HK\$30,000,000 which has been fully settled before the end of the reporting period.

7. INCOME TAX CREDIT

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current tax		
– Hong Kong Profits Tax	–	–
– PRC enterprise income tax	3	–
Deferred taxation	(1,826)	(1,924)
	<u>(1,823)</u>	<u>(1,924)</u>

Pursuant to the laws and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI as there is no income tax imposed in such jurisdictions.

No provision for Hong Kong Profits Tax has been made for both years as the Group has sufficient agreed tax losses brought forward to set off the estimated assessable profits in full for the year and there was no assessable profits for the prior year.

In accordance with the “Circular on Further Expanding the Scope of Preferential Income Tax Policies Applicable to Small Low-profit Enterprises”, certain of the Group’s PRC entities which are qualified as small and thin profit enterprises with an annual taxable income of RMB1 million or less enjoyed a preferential tax rate of 20% on 25% of its taxable income, with the residual 75% exempted.

8. DIVIDENDS

No dividend was paid or proposed by the Company during the year ended 31 March 2020, nor has any dividend been proposed since the end of the reporting period (2019: nil).

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loss		
Loss for the purpose of basic and diluted loss per share for the year attributable to the owners of the Company	<u>(8,145)</u>	<u>(86,892)</u>
	2020 <i>'000</i>	2019 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>786,654</u>	<u>767,750</u>

The diluted loss per share is equal to the basic loss per share as there were no dilutive potential ordinary shares outstanding during the years ended 31 March 2020 and 2019.

10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31/3/2020 <i>HK\$'000</i>	As at 31/3/2019 <i>HK\$'000</i>
Trade receivables from contracts with customers	4,368	12,171
Prepayments, deposits and other receivables	<u>3,082</u>	<u>4,679</u>
	<u>7,450</u>	<u>16,850</u>

As at 1 April 2018, trade receivables from contracts with customers amounted to approximately HK\$15,435,000.

The Group does not hold any collateral over these balances.

The Group does not have a standardised and universal credit period granted to its customers of construction contracts, and the credit period of individual customer of construction contracts is considered on a case-by-case basis and stipulated in the project contract, as appropriate. In respect of sales of LNG to customers in PRC, payment is required to be settled by each month end. The following is an aged analysis of trade receivables, presented based on the date of the certified report and invoice date which approximates revenue recognition date at the end of the reporting period:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0 to 30 days	2,150	12,063
31 to 60 days	1,708	108
61 to 120 days	510	–
	<u>4,368</u>	<u>12,171</u>

11. CONTRACT ASSETS

	As at 31/3/2020 <i>HK\$'000</i>	As at 31/3/2019 <i>HK\$'000</i>
Unbilled revenue of construction contracts	24,863	17,335
Retention receivables of construction contracts	31,612	26,188
	<u>56,475</u>	<u>43,523</u>

As at 1 April 2018, contract assets amounted to HK\$97,748,000.

The Group's construction contracts normally include payment schedules which require stage payments over the construction period once milestones are reached. These payment schedules prevent the build-up of significant contract assets. The Group also typically agrees to one to two years retention period for 5% to 10% of the contract value. This amount is included in contract assets until the end of the retention period as the Group's entitlement to this final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

The contract assets also include the Group's rights to consideration for work completed but not yet billed at the reporting period end date. The contract assets are transferred to trade receivables when the rights become unconditional.

12. TRADE AND OTHER PAYABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade payables	16,363	11,530
Retention payables (<i>note</i>)	4,681	2,402
Amounts due to ex-directors	–	12,000
Accrued expenses and other payables	19,473	6,549
	<u>40,517</u>	<u>32,481</u>

Note: As at 31 March 2020, the amount of the Group's retention payables expected to be due after more than twelve months was approximately HK\$3,716,000 (2019: approximately HK\$968,000).

Trade payables represented payables to suppliers and subcontractors. The credit terms granted by subcontractors were stipulated in the relevant contracts and the payables were usually due for settlement within 60 days. In respect of purchases of LNG, the credit period is 30 days. The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0 to 30 days	7,417	4,223
31 to 60 days	4,959	4,326
61 to 90 days	676	2,164
91 to 365 days	3,311	817
	<u>16,363</u>	<u>11,530</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group has over 18 years of experience in providing site formation works as a subcontractor in Hong Kong. The site formation works undertaken by the Group generally include (a) general earthworks (including soil and rock excavation, disposal of construction and demolition materials, backfilling and compaction for forming a new site or achieving designed formation level for later development); (b) tunnel excavation works (including rock excavation works for construction of tunnels through drill and break and/or drill and blast methods as well as construction of associated temporary tunnel support structures); (c) foundation works (including excavation and lateral support works (the “**ELS**”) and associated structural works for construction of pile caps for commercial and residential building projects); and (d) road and drainage works. During the year, in order to diversify the business risk, the Group decided to explore business opportunities in China. The Group has started trading of LNG in China in March 2020. For the Reporting Period, the revenue for trading of LNG in China was HK\$0.3 million.

As at 31 March 2020, there were seven (2019: five) projects on hand with total contract sum amounting to approximately HK\$493.9 million (2019: HK\$408.2 million). Most of the projects were short term and smaller in size. For the Reporting Period, there were three projects of total contract sum amounting to approximately HK\$60.9 million completed and contributed a turnover of HK\$61.1 million inclusive of variation orders to the Group during the year.

During the Reporting Period, the Group was awarded five projects (2019: four) relating to site formation, road and drainage works and marine works project in Island District with total contract sum of approximately HK\$146.6 million (2019: HK\$98.1 million). Two of the five projects were already completed in the year contributing a turnover of HK\$51.1 million. The remaining three projects with a contract sum of approximately HK\$96.3 million and out of which approximately HK\$7.6 million was recognised as revenue during the Reporting Period. As at 31 March 2020, seven projects with total contract sum of HK\$493.9 million were in progress and HK\$357.7 million inclusive of variation orders has been recognised as revenue up to 31 March 2020.

Below set out a list of projects completed during the Reporting Period and those projects which are still in progress at 31 March 2020:

Site Location	Type of Work	Status	Contract Sum (HK\$'Million)
Islands District	Airport road diversion and reinstatement of footpath	In progress	13.6
Islands District	Removal of rock material	Completed	10.6
Islands District	Earthworks, excavation and lateral support works (the “ELS”) and breaking off pile heads	In progress	13.6
Kwun Tong District	Site formation works	In progress	310.0
Southern District	Site formation, ELS and slope stabilisation works	In progress	60.4
Islands District	Drainage and duck works*	In progress	2.3
Shatin District	Site clearance, demolition work and earthwork*	In progress	32.6
Islands District	Road and drainage works*	In progress	61.4
Islands District	Marine works*	Completed	25.8
Islands District	Marine works*	Completed	24.5

* *Newly awarded in the period under review*

PROSPECTS

2020 will be full of opportunities and challenges. For Hong Kong business, the planned commitment in the Government’s public expenditure on infrastructure will result in more business opportunities being presented to the market. Whilst factors including but not limited to difficult geological conditions, adverse weather conditions, variations to the construction plans instructed by customers and other unforeseen problems or circumstances that may occur during project implementation continue to be threats that likely affect the Group’s profit as a subcontractor. For China business, the Group continues to expand the trading of LNG business and explore other business opportunities.

Looking forward, the Group will continue to run Hong Kong and China business. The Group will develop business of undertaking site formation works in Hong Kong and at the same time the Group will carefully evaluate each project and control the Group’s overall costs to a reasonable level. Further, the Group will try to increase the volume of China business as mentioned above and the Group will actively seek any other potential business opportunities in Hong Kong and China that will broaden the sources of income and enhance value to the shareholders.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group's revenue was amounted to approximately HK\$251.8 million (2019: approximately HK\$142.9 million), representing an increase of approximately HK\$108.9 million or 76.2% from the previous year. The increase was mainly attributable to more projects awarded in the year. Further, the Group had started trading of LNG business in China which contributes a small amount of approximately HK\$0.3 million to the Group's revenue.

During the Reporting Period, the revenue of the Group was mainly contributed by 13 projects, whereas revenue of the Group for the year ended 31 March 2019 was contributed by 6 projects. During the year, the Group was awarded five projects with total contract sum of approximately HK\$146.6 million whereas in contrast the Group was awarded four projects with contract sum of approximately HK\$98.1 million in the last year.

Gross profit and gross profit margin

For the Reporting Period, the Group's total gross profit was approximately HK\$7.9 million, and there is a turnaround from a gross loss of approximately HK\$74.5 million for the year ended 31 March 2019. Besides there was an increase in the number of projects as compared with that in 2019, the management executed a tight control on cost, quality of work and the time to completion of projects. Therefore, it leads to lesser projects with unexpected increase in project costs due to delay in work progress and the Group has significantly reduced the involvement in variation orders which caused significant gross loss in 2019 from one of the main contractors.

Administrative expenses

The administrative expenses of the Group for the Reporting Period amounted to approximately HK\$18.2 million, representing an increase of approximately 28.2% compared with approximately HK\$14.2 million for the year ended 31 March 2019. Such increase was in line of increase in revenue of the year.

Loss and total comprehensive expense for the year

Loss and total comprehensive expense for the year of the Company amounted to approximately HK\$8.1 million (2019: HK\$86.9 million). The decrease in loss amounted to HK\$78.8 million or 90.7% was mainly attributable to increase in profitable projects and tighter control by the management to avoid any delay in work in progress that leads to unexpected costs as mentioned above.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

As at 31 March 2020, the Group had bank balances of approximately HK\$27.6 million (2019: approximately HK\$13.0 million). The increase was in line with the increase in revenue. There is no borrowings outstanding as at 31 March 2020 (2019: nil).

PLACEMENT OF SHARES AND CAPITAL STRUCTURE

Reference is made to the announcement of the Company dated 27 September 2019 in relation to the Placing (the “**Announcement**”). The Company completed a placement of an aggregate of 37,000,000 newly issued Shares (“**Placing Shares**”), which represented approximately 4.80% of the Company’s issued share capital immediately after completion of the Placing. The Placing Shares would be allotted and issued under the General Mandate which was granted to the Directors by the Shareholders at the annual general meeting of the Company held on 6 September 2018 to allot, issue and deal with up to 20% of the then issued Shares. They have been successfully placed to not less than six Places at the Placing Price of HK\$0.222 per Placing Share. The net proceeds from the Placing amounted to approximately HK\$7.9 million. As disclosed in the Announcement, the Company intends to use the net proceeds as general working capital for the Group and to finance potential business opportunities to be identified. Following the completion of the placement, at the reporting period end date, the Group’s issued capital has been increased from approximately HK\$7.7 million to approximately HK\$8.0 million.

PLEDGE OF ASSETS

Certain plant and machinery of the Group with net book value of approximately HK\$18.9 million were pledged for a nine months loan of HK\$30.0 million at an interest rate of 8.0% per annum as at 31 May 2019. This loan was early repaid in November 2019. As at 31 March 2020, none of the Group’s assets were pledged.

FOREIGN EXCHANGE RISK

The Group mainly operates in Hong Kong and most of the operating transactions such as revenue, expenses, monetary assets and liabilities are denominated in Hong Kong dollars. For the Reporting Period, the Group started trading of LNG business in China. The volume of China business is approximately HK\$0.3 million or 0.13% to total revenue. As such, the Directors are of the view that the Group’s risk in foreign exchange is insignificant and that the Group should have sufficient resources to meet foreign exchange requirements as and if they arise. Therefore, the Group has not engaged in any derivative contracts to hedge its exposure to foreign exchange risk during the year.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2020, the Group employed 211 staff (2019: 166 staff). Total staff costs including directors' emoluments for the year, amounted to approximately HK\$70 million (2019: approximately HK\$86.2 million). The salary and benefit levels of the employees of the Group are competitive and individual performance is rewarded through the Group's salary and bonus system. The Group conducts annual review on salary increase, discretionary bonuses and promotions based on the performance of each employee.

During the Reporting Period, the Group has not experienced any significant problems with its employees due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

During the Reporting Period, the Group did not hold any significant investments nor have any material acquisitions or disposals of subsidiaries, associated companies or joint ventures.

CAPITAL COMMITMENTS

As at 31 March 2020, the Group did not have any capital commitments (31 March 2019: Nil).

CONTINGENT LIABILITIES

As at 31 March 2020, the Group did not have any significant contingent liabilities (31 March 2019: Nil).

SIGNIFICANT EVENT

Change of Controlling Shareholder

China Century Holdings Limited ("**China Century**"), a former controlling shareholder of the Company, has disposed 225,330,000 shares in the Company ("**Shares**"), 201,185,000 Shares and 134,020,000 Shares on 16 December 2019, on 20 December 2019 and on 24 December 2019 respectively. The first tranche of disposed Shares, representing 28% of the total issued share capital of the Company as at that date of the announcement (the "**Disposal**"), was disposed to D'Legem Group Limited. ("**D'Legem**"). The second and third tranches as mentioned above were made on Exchange at average price of HK\$0.435. After all these disposals, D'Legem becomes the only substantial shareholder of the Company. To the best of the directors' knowledge, information and belief having made all reasonable enquiries, D'Legem and its ultimate beneficial owners are independent of, and not connected with the Company or any of its connected persons.

Change of Directors

- (1) On 10 September 2019,
 - a) Mr. Zhang Chengzhou and Mr. Cao Jun did not offer themselves for re-election as executive Directors at the AGM due to their other business commitment and retired from office as executive Directors with effect from the conclusion of the AGM.
 - b) Mr. Cao Qian has been re-designated from a non-executive Director to an executive Director with effect from the conclusion of annual general meeting of the Company (“AGM”) held on that date.

- (2) With effect from 23 December 2019,

Change of executive directors:

- a) Mr. Cao Qian (“**Mr. Cao**”) has resigned from his position as the executive Director;
- b) Mr. Ip Wai Sing (“**Mr. Ip**”) has been appointed as an executive Director;

Change of independent non-executive Directors and compositions of Board committees:

- c) Mr. Lee Chi Ming (“**Mr. Lee**”) has resigned from his position as the independent non-executive Director, and has ceased to act as the member of audit committee of the Company (“**Audit Committee**”), member of remuneration committee of the Company (“**Remuneration Committee**”), and chairman of nomination committee of the Company (“**Nomination Committee**”);
- d) Mr. Chung Man Lai (“**Mr. Chung**”) has been appointed as an independent non-executive Director, and he has been appointed as the member of Audit Committee, member of Remuneration Committee, and chairman of Nomination Committee.

- (3) With effect from 9 January 2020,

- a) Mr. Li Xiang Zhong (“**Mr. Li**”) has ceased to act as the chairman of the Board (“**Chairman**”) but remains as an executive Director and chief executive officer of the Company;
- b) Mr. Wang Feng (“**Mr. Wang**”) has been appointed as an executive Director and the Chairman;

- (4) With effect from 17 January 2020, Mr. Li Xiang Zhong (“**Mr. Li**”) has resigned from his position as an executive Director and the chief executive officer of the Company (the “**CEO**”);

(5) With effect from 14 May 2020,

Change of independent non-executive Directors and compositions of Board committees:

- a) Mr. Cheung Wai Lun Jacky (“**Mr. Cheung**”) has resigned from his position as the independent non-executive Director, and has ceased to act as the member of Audit Committee, member of Nomination Committee, and chairman of Remuneration Committee;
- b) Mr. Law Ka Ming Michael (“**Mr. Law**”) has been appointed as an independent non-executive Director, and he has been appointed as the member of Audit Committee, member of Nomination Committee, and chairman of Remuneration Committee.

Chairman and CEO

The Chairman is Mr. Wang Feng. With effect from 17 January 2020, Mr. Li resigned from his position as an executive Director and CEO. The Board is still looking for any suitable candidates to fill in the vacancy of CEO. Upon the period of change in senior management of the Company, the role of CEO keeps vacant and the duties will be born by both our executive directors, Messrs. Wang and Ip. It breaches with the principles and the code provisions set out in the Code on Corporate Governance Practices in Appendix 14 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Pursuant to Code provision A.2.1 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Notwithstanding the deviation from code provision A.2.1, the Board believes that with the support of the management, vesting the roles of both chairman and chief executive officer by the same person can facilitate execution of the Group’s business strategies and boost effectiveness of its operation. In addition, under the supervision by the Board which currently consists of two executive Directors, and three independent non-executive Directors, the interest of the shareholders of the Company will be adequately and fairly represented.

ANNUAL GENERAL MEETING

The notice of the 2020 annual general meeting (the “**AGM**”) will be published and despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course. The period for closure of register of members of the Company for determining the entitlement to attend and vote at the AGM will be set out in the notice of AGM.

REVIEW OF FINANCIAL INFORMATION

The audit committee of the Company (the “**Audit Committee**”) consists of three independent non-executive Directors, namely Mr. Law Ka Ming Michael, Mr. Chung Man Lai and Mr. Tang Chi Wai. The Group’s consolidated financial statements and final results for the Reporting Period have been reviewed by the Audit Committee, which takes the view that the applicable accounting standards and requirements have been complied with by the Company and that adequate disclosures have been made, and have been audited by the Group’s auditors, Messrs. Clement C.W. Chan & Co.

DIVIDEND

The Directors do not recommend payment of a dividend for the year ended 31 March 2020 (2019: Nil).

CORPORATE GOVERNANCE

The Group recognises the importance of achieving the highest standard of corporate governance consistent with the needs and requirements of its businesses and the best interest of all of its stakeholders, and the Board is fully committed to doing so. The Board believes that high standards of corporate governance provide a framework and solid foundation for the Group to manage business risks, enhance transparency, achieve high standard of accountability and protect stakeholders’ interests.

The Group has adopted a corporate governance statement of policy which provides guidance on the application of the corporate governance principles on the Group, with reference to the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 of the Listing Rules on the Stock Exchange.

In the opinion of the Directors, save as disclosed under section “Change of Directors” in this announcement, the Company has complied with all code provisions as set out in the CG Code during the Reporting Period and, where appropriate, the applicable recommended best practices of the CG Code.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (“**the Model Code**”) set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by Directors. On specific enquiry made, all Directors have confirmed that throughout the Reporting Period, they have complied with the required standard as set out in the Model Code.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any securities of the Company.

PUBLICATION OF INFORMATION ON THE WEBSITES OF HONG KONG EXCHANGES AND CLEARING LIMITED AND THE COMPANY

The results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company's website at www.cherishholdings.com. The annual report of the Company for the Reporting Period containing all information required by the Listing Rules will be dispatched to shareholders and published on above websites in due course.

By order of the Board
Century Group International Holdings Limited
Wang Feng
Chairman

Hong Kong, 29 June 2020

As at the date of this announcement, the Board comprises Mr. Wang Feng, Mr. Ip Wai Sing, as executive Directors and Mr. Law Ka Ming Michael, Mr. Chung Man Lai and Mr. Tang Chi Wai as independent non-executive Directors.