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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 : 02113)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

The board (the “**Board**”) of directors (the “**Directors**”) of Century Group International Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2021 (the “**Reporting Period**”), together with the comparative figures for the corresponding period in 2020:

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the Reporting Period amounted to approximately HK\$170.0 million (for the six months ended 30 September 2020: approximately HK\$104.5 million).
- Loss attributable to owners of the Company for the Reporting Period amounted to approximately HK\$15.6 million (for the six months ended 30 September 2020: approximately HK\$10.2 million).
- Basic and diluted loss per share for the Reporting Period amounted to approximately HK cents 1.94 (for the six months ended 30 September 2020: approximately HK cents 1.26).
- The Board does not declare any interim dividend for the Reporting Period (for the six months ended 30 September 2020: nil).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	Notes	Six months ended 30 September	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
REVENUE	4	170,000	104,476
Cost of sales and services		(185,198)	(116,304)
Gross loss		(15,198)	(11,828)
Other income, other gains and losses	5	4,344	8,331
Administrative expenses		(4,862)	(7,466)
Finance costs		(36)	(10)
Loss before taxation		(15,752)	(10,973)
Income tax credit	6	154	823
Loss for the period	7	(15,598)	(10,150)
OTHER COMPREHENSIVE INCOME			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		14	5
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD		(15,584)	(10,145)
(Loss) profit for the period attributable to:			
Owners of the Company		(15,598)	(10,174)
Non-controlling interests		—	24
		(15,598)	(10,150)
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		(15,584)	(10,169)
Non-controlling interests		—	24
		(15,584)	(10,145)
Loss per share (HK cents)			
- Basic and Diluted	8	(1.94)	(1.26)

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			
Plant and equipment	10	384	2,516
Right-of-use assets		1,521	1,086
Goodwill		—	—
		1,905	3,602
Current assets			
Trade and other receivables, deposits and prepayments	11	25,520	21,828
Contract assets	12	42,057	61,927
Restricted bank balances		15,668	15,618
Bank balances and cash		4,479	7,818
		87,724	107,191
Assets classified as held for sale		—	478
		87,724	107,669
Current liabilities			
Trade and other payables	13	42,279	42,078
Amount due to a director of a subsidiary		10,000	17,000
Amount due to a shareholder		1,555	1,500
Provisions		2,572	2,572
Contract liabilities		1,559	1,115
Lease liabilities		1,041	654
		59,006	64,919
Net current assets		28,718	42,750
Total assets less current liabilities		30,623	46,352
Non-current liabilities			
Lease liabilities		440	405
Deferred tax liability		—	180
		440	585
Net assets		30,183	45,767
Capital and reserves			
Share capital	14	8,048	8,048
Reserves		22,135	37,719
Equity attributable to owners of the Company		30,183	45,767
Non-controlling interests		—	—
Total equity		30,183	45,767

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2021

	Attributable to owners of the Company								
	Share capital	Share premium	Merger reserve (note a)	Statutory reserve (note b)	Translation reserve	Accumulated losses	Sub-total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2020 (audited)	8,048	109,951	—*	—	—*	(40,375)	77,624	—*	77,624
Loss for the period	—	—	—	—	—	(10,174)	(10,174)	24	(10,150)
Other comprehensive income for the period:									
Exchange difference arising on translation of foreign operations	—	—	—	—	5	—	5	—	5
Total comprehensive expense for the period	—	—	—	—	5	(10,174)	(10,169)	24	(10,145)
Disposal of subsidiaries	—	—	—	—	—	—	—	(24)	(24)
At 30 September 2020 (Unaudited)	8,048	109,951	—*	—	5	(50,549)	67,455	—	67,455
At 1 April 2021 (Audited)	8,048	109,951	—*	37	29	(72,298)	45,767	—	45,767
Loss for the period	—	—	—	—	—	(15,598)	(15,598)	—	(15,598)
Other comprehensive income for the period:									
Exchange difference arising on translation of foreign operations	—	—	—	—	14	—	14	—	14
Total comprehensive expenses for the period	—	—	—	—	14	(15,598)	(15,584)	—	(15,584)
At 30 September 2021 (Unaudited)	8,048	109,951	—*	37	43	(87,896)	30,183	—	30,183

* Less than HK\$1,000

Note:

- Merger reserve represents the difference between the nominal value of the issued capital of subsidiaries acquired pursuant to a group reorganisation over the consideration paid for acquiring these subsidiaries.
- The statutory reserve represents the amount set aside from the retained earnings by a subsidiary incorporated in the People's Republic of China ("PRC") and is not distributable as dividend. In accordance with the relevant regulations and its articles of association, the Company's subsidiary incorporated in the PRC is required to allocate at least 10% of its after-tax profit according to the PRC accounting standards and regulations to legal reserves until such reserves have reached 50% of registered capital. The reserve can only be used for specific purposes and is not distributable or transferable to loans, advances and cash dividends.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2021

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
NET CASH USED IN OPERATING ACTIVITIES	(1,308)	(15,894)
INVESTING ACTIVITIES		
Net cash outflow from disposal of subsidiaries	—	(61)
Proceeds on disposals of plant and equipment	5,499	—
Interest received	51	94
Purchase of plant and equipment	(75)	(1,095)
NET CASH FROM (USED IN) INVESTING ACTIVITIES	5,475	(1,062)
FINANCING ACTIVITIES		
Advance from a director of a subsidiary	—	9,000
Advance from a shareholder	55	—
Repayment of advance from a director of a subsidiary	(7,000)	(9,000)
Repayment of lease liabilities	(538)	(218)
Interest paid	(35)	(10)
NET CASH USED IN FINANCING ACTIVITIES	(7,518)	(228)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,351)	(17,184)
Effect of foreign exchange rate changes	12	5
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	7,818	27,579
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by bank balances and cash	4,479	10,400

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. GENERAL 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 (the “**Stock Exchange**”). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the interim report.

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

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

2. BASIS OF PREPARATION

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

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for financial asset at fair value through profit or loss which is measured at fair values.

3. ACCOUNTING POLICIES

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements of the Group for the Reporting Period are consistent with those used in the audited financial statements of the Group for the year ended 31 March 2021 and should be used in conjunction with the audited consolidated financial statements for the year ended 31 March 2021.

HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) and interpretations that are first effective or available for early adoption for the Reporting Period. There have been no significant changes to the accounting policies applied in these financial statements for the Reporting Period presented as a result of these developments.

ADOPTION OF NEW AND AMENDED HKFRSs

In the Reporting Period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operation and effective for its accounting period beginning on 1 April 2021, comprise HKFRSs, HKAS and Interpretations..

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. A number of new or amended standards are effective from 1 April 2021 but they do not have a material effect on the Group’s unaudited condensed consolidated interim financial statements.

4. REVENUE AND SEGMENT INFORMATION

(a) Revenue

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Disaggregation of revenue from contracts with customers		
Sales of goods	56,195	20,363
Construction and site formation services in Hong Kong	113,805	84,113
	170,000	104,476
Timing of revenue recognition		
Over time	113,805	84,113
At a point in time	56,195	20,363
	170,000	104,476

(b) Segment information

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

Segment results represent the profit/(loss) from each segment without allocation of central administrative expenses, finance costs and other income, other gains and losses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

The CODM makes decision according to operating results of each segment. No analysis of segment assets and liabilities is presented as they were not regularly provided to the CODM for the purpose of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

The following is an analysis of the Group's revenue and results by reportable segments which are also the operating segments for the periods under review:

Six months ended 30 September 2021

	Construction and Site Formation Business HK\$'000	Trading Business HK\$'000	Total HK\$'000
Revenue from external customers	113,805	56,195	170,000
Segment results	<u>(20,031)</u>	<u>698</u>	(19,333)
Unallocated administrative expenses			(763)
Finance costs			—
Other income, other gains and losses			4,344
Loss before taxation			<u><u>(15,752)</u></u>

Six months ended 30 September 2020

	Construction and Site Formation Business HK\$'000	Trading Business HK\$'000	Total HK\$'000
Revenue from external customers	84,113	20,363	104,476
Segment results	<u>(17,491)</u>	<u>546</u>	(16,945)
Unallocated administrative expenses			(2,349)
Finance costs			(10)
Other income, other gains and losses			8,331
Loss before taxation			<u><u>(10,973)</u></u>

5. OTHER INCOME, OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Bank interest income	51	94
Gain on disposal of plant and equipment	3,794	—
Gain on disposal of investments in subsidiaries	—	26
Refund of contributions from Mandatory Provident Fund Scheme	—	7
Government grants	—	7,896
Others	499	308
	4,344	8,331

6. INCOME TAX CREDIT

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Current tax		
- Hong Kong Profits Tax	—	—
- PRC Enterprise Income Tax	(26)	(25)
Deferred taxation	180	848
	154	823

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 these jurisdictions.

No provision for Hong Kong Profits Tax has been made for both periods as there were no assessable profits generated.

In accordance with the “Notice on implementing Generalised Preferential Tax Treatment for Small Low-profit Enterprises” (Caishui [2019] No. 13), 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.

7. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Staff costs, including directors' emoluments		
- Salaries, wages, allowances and other benefits	38,076	41,149
- Contributions to retirement benefits scheme	1,319	1,418
	<hr/>	<hr/>
Total staff costs	39,395	42,567
	<hr/>	<hr/>
Depreciation of plant and equipment	981	5,693
Depreciation of right-of-use assets	525	218
	<hr/>	<hr/>

8. LOSS PER SHARE

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

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss		
Loss for the period attributable to the owners of the Company	(15,598)	(10,174)
	<hr/>	<hr/>

	Six months ended 30 September	
	2021	2020
	'000	'000
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	804,750	804,750
	<hr/>	<hr/>

The diluted loss per share is equal to the basic loss per share as there were no dilutive potential ordinary shares outstanding during both periods

9. DIVIDENDS

No dividend was paid, declared or proposed during the interim period, nor has any dividend been declared since the end of the interim period (six months ended 30 September 2020: nil).

10. PLANT AND EQUIPMENT

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Carrying Value		
At the beginning of the period/year	2,516	12,820
Addition	75	1,311
Depreciation	(981)	(10,365)
Disposals	(1,228)	(779)
Exchange realignment	2	7
Reclassified as held for sales	—	(478)
	<hr/>	<hr/>
At the end of the period/year	384	2,516

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Trade receivables from contracts with customers	18,311	15,875
Less: Allowance for credit losses	(265)	(265)
	<hr/>	<hr/>
	18,046	15,610
Prepayments, deposits and other receivables	7,474	6,218
	<hr/>	<hr/>
	25,520	21,828

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, and the credit period of individual customer is considered on a case-by-case basis and stipulated in the project contract, as appropriate. 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 each reporting period:

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
0 to 30 days	—	11,745
31 to 60 days	3,609	4,099
61 to 365 days	14,702	31
	<hr/>	<hr/>
	18,311	15,875
Less: Allowance for credit losses	(265)	(265)
	<hr/>	<hr/>
	18,046	15,610

12. CONTRACT ASSETS

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Unbilled revenue of construction contracts	7,960	28,589
Retention receivables of construction contracts	34,097	33,338
	<hr/> 42,057 <hr/>	<hr/> 61,927 <hr/>

13. TRADE AND OTHER PAYABLES

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Trade payables	19,446	19,733
Retention payables	7,290	6,459
Accrued expenses and other payables	15,543	15,886
	<hr/> 42,279 <hr/>	<hr/> 42,078 <hr/>

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
0 to 30 days	8,398	12,695
31 to 60 days	1,405	3,390
61 to 90 days	4,167	2,297
91 to 365 days	5,476	1,351
	<hr/> 19,446 <hr/>	<hr/> 19,733 <hr/>

14. SHARE CAPITAL

	Number of shares		Share Capital	
	30 September	31 March	30 September	31 March
	2021	2021	2021	2021
	'000	'000	HK\$'000	HK\$'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Ordinary shares of HK\$0.01 each				
Authorised				
At the beginning and at the end of the period/year	2,000,000	2,000,000	20,000	20,000
Issued and fully paid:				
At the beginning and at the end of the period/year	804,750	804,750	8,048	8,048

15. DISPOSAL OF SUBSIDIARIES

On 01 September 2020, the Group disposed of its entire 51% equity interest in 世紀銳連 (臨海) 經貿有限公司 which holds 100% equity interest in 世紀銳連 (台州) 進出口有限公司, at a cash consideration receivable of RMB45,000 (equivalent to approximately HK\$51,000). The net assets of the subsidiaries disposed of were approximately HK\$25,000 on the completion date of the disposal. The disposal resulted in a gain of approximately HK\$26,000. Net cash outflow arising from the disposal is approximately HK\$61,000.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the Reporting Period, the Group was engaged to undertake site formation works in Hong Kong as a subcontractor and the trading of liquefied natural gas (“LNG”) in the PRC.

Construction and site formation services

During the Reporting Period, revenue amounted to approximately HK\$113.8 million, approximately HK\$29.7 million higher than the corresponding period in 2020. Such increase was mainly attributable to several projects with substantial contract sums undergoing their full scale construction phase and contributing a revenue of approximately HK\$89.3 million during the Reporting Period

During the Reporting Period, the Group was awarded one project with contract sum of approximately HK\$46.0 million whereas in contrast the Group was awarded four new projects with total contract sum of approximately HK\$23.8 million for the six months ended 30 September 2020.

Two of nine projects were already completed in the Reporting Period contributing a revenue of approximately HK\$4.4 million. As at 30 September 2021, the remaining seven projects with related variation orders on hand are in progress, with a total contract sum of approximately HK\$622.0 million (2020: ten projects, approximately HK\$504.1 million). Approximately HK\$109.4 million was recognised as revenue from these seven projects during the Reporting Period.

Set out below is a list of projects completed during the Reporting Period and those projects which are still in progress at 30 September 2021:

Site Location	Type of Work	Status	Contract Sum (HK\$'Million)
Kwun Tong District	Site formation works	In progress	310.0
Shatin District	Site clearance, demolition work and earthwork	In progress	42.7
Islands District	Road and drainage works	In progress	62.1
Islands District	Road and drainage works	In progress	47.9
Islands District	Minor works	In progress	0.2
Islands District	Foundation works	Completed	45.8
Islands District	Pipe pile works*	In progress	46.0
Islands District	Awe sewer works	Completed	1.8
Sai Kung District	ELS and shoring works	In progress	113.1

* Newly awarded in the period under review

Trading of LNG

The revenue of the Group for the trading of LNG in the Reporting Period was approximately HK\$56.2 million, an increase of approximately HK\$35.8 million or 175.5% in comparing with approximately HK\$20.4 million for the corresponding period in last year. After COVID-19 pandemic slowdown last year, PRC's demand for gas appears to have returned stronger than before. Export-led economic growth and domestic consumption recovery benefited overall energy demand, including natural gas.

Financial Review

The Group recorded revenue of approximately HK\$170.0 million for the Reporting Period, representing an increase of approximately 65.5 million or 62.7% compared with approximately HK\$104.5 million for the corresponding period in 2020. The increase was mainly due to several construction projects with substantial contract sums undergoing their full scale construction phase and increased demand in LNG in PRC.

The Group's total gross loss amounted to approximately HK\$15.2 million for the Reporting Period, an increase of approximately HK\$3.4 million or 28.8% compared with approximately HK\$11.8 million for the corresponding period in 2020. The Group's overall gross loss margin during the Reporting Period was approximately 8.9% (2020: approximately 11.3%).

The increase in gross loss was mainly attributable to the increase in cost of sales resulting from the unexpected increase in material cost in a construction project and the delay in schedule of a major construction project.

The other revenue of the Group for the Reporting Period amounted to approximately HK\$4.3 million, representing a decrease of approximately HK\$4.0 million or 48.2% compared with approximately HK\$8.3 million for the corresponding period of 2020. The decrease was mainly attributable to the government grant in the last period of approximately HK\$7.8 million and a contribution by a gain on disposal of plant and equipment of approximately HK\$3.8 million in the Reporting Period.

The administrative expenses of the Group for the Reporting Period amounted to approximately HK\$4.9 million, representing a decrease of approximately HK\$2.6 million or 34.7% compared with approximately HK\$7.5 million for the corresponding period of 2020. The decrease was mainly attributable to the compensation payments to workers in the last period of approximately HK\$1.8 million and a reduction of staff cost of approximately HK\$1.0 million in the Reporting Period.

For the Reporting Period, the Group recorded a net loss of approximately HK\$15.6 million, as compared to approximately HK\$10.2 million for the corresponding period in 2020. The increase was mainly attributable to the increase in gross loss resulting from the increase in the cost of sales as discussed above.

Prospects

Construction and site formation services

The Hong Kong SAR government will use infrastructure investments as a major measure to stimulate the economy during the pandemic and will continue investing in infrastructure to enhance the city's competitiveness. Under the global economic recovery and the government's investment in infrastructure projects to stimulate economic growth, the commitment of government initiatives and new strategies to the travel and tourism sector will support commercial construction output over the coming years. The construction industry is supported by the government's attempts to stimulate economic growth, as well as public and private sector investments in industrial, institutional and energy and utility building projects. It will result in more business opportunities being presented to the market.

Trading of LNG

As more countries turn towards clean energy, the geoeconomic impact of natural gas as a fuel has become second only to that of oil. Over the past decade, the global demand for this carbon-free energy source has risen considerably and one major buyer is PRC. PRC is a fast-growing natural gas market as the PRC government encourages the switch from coal to cleaner and greener energy. PRC has implemented government policies to replace the use of coal as fuel and millions of households are switching over to clean energy. As the demand spirals further, natural gas consumption in PRC in the future will be in a rising trend.

Looking forward, the Group will continue to run Hong Kong and PRC business. The Group will continue to 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 PRC business as mentioned above and the Group will actively seek any other potential business opportunities in Hong Kong and PRC that will broaden the sources of income and enhance value to the shareholders.

Liquidity, Financial Resources and Capital Resources

As at 30 September 2021, the Group had bank balances of approximately HK\$4.5 million (31 March 2021: approximately HK\$7.8 million).

The gearing ratio is calculated based on the amount of total interest-bearing debts divided by total equity. As at 30 September 2021, the gearing ratios of the Group were nil (31 March 2021: Nil).

Pledge of Assets

As at 30 September 2021, the Group did not pledge any assets to secure any loans.

Foreign Exchange Risk

The Group mainly operates in Hong Kong and PRC. Most of the operating transactions such as sales, expenses, monetary assets and liabilities are denominated in Hong Kong dollars and Renminbi. They are very stable in the period under review. As such, the Directors are of the view that the Group's risk in foreign exchange is insignificant and that we should have sufficient resources to meet foreign exchange requirements if and when they arise. Therefore, the Group has not engaged in any derivative contracts to hedge its exposure to foreign exchange risk during the Reporting Period.

Employees and Remuneration Policy

As at 30 September 2021, the Group employed 198 staff (31 March 2021: 207 staff). Total staff costs including directors' emoluments for the Reporting Period, amounted to approximately HK\$39.4 million (for the six months ended 30 September 2020: approximately HK\$42.6 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.

Capital Structure

During the six months ended 30 September 2021, there has been no change in capital structure of the Company. The capital of the Company comprises ordinary shares and capital reserves.

Capital Commitments

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

Contingent Liabilities

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

Purchase, sale and redemption of listed securities of the Company

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

Interim dividend

The Board has resolved not to declare any interim dividend for the Reporting Period (for the six months ended 30 September 2020: nil)

Compliance with the corporate governance code

The Group recognise 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 Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules.

In the opinion of the Directors, 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.

Compliance with the Model Code

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Companies (the “**Model Code**”) in the Listing Rules. In response to a specific enquiry by the Company, all Directors have confirmed that they complied with the requirements of the Model Code during the Reporting Period.

Audit Committee

The Company has established an audit committee (the “**Audit Committee**”) in accordance with the requirements of the Listing Rules with terms of reference aligned with the provision of the CG Code as set out in Appendix 14 to the Listing Rules. The Audit Committee is to serve as a focal point for communication between other directors, the external auditors, and the management as their duties relate to financial and other reporting, internal controls, risk management and the audits; and to assist the Board in fulfilling its responsibilities by providing an independent review of financial reporting, be satisfying themselves as to the effectiveness of the Company's risk management and internal controls systems and as to the efficiency of the audits. The Audit Committee comprises three independent non-executive directors, namely Ms. Lam Yuen Man Maria (Chairman), Mr. Law Ka Ming Michael and Mr. Chung Man Lai.

Review of interim results

The Group's unaudited condensed consolidated interim results and financial report for the Reporting Period have been reviewed and approved by the Audit Committee.

By order of the Board
Century Group International Holdings Limited
Man Wai Lun
Executive Director

Hong Kong, 26 November 2021

As at the date of this announcement, the Board comprises Mr. Wang Feng and Mr. Man Wai Lun as executive Directors and Mr. Law Ka Ming Michael, Mr. Chung Man Lai and Ms. Lam Yuen Man Maria as independent non-executive Directors.