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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 ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2022

The board (the “**Board**”) of directors (the “**Directors**”) of Century Group International Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2022 (the “**Reporting Period**”), together with the comparative figures for the year ended 31 March 2021:

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the year ended 31 March 2022 amounted to approximately HK\$332.6 million (2021: approximately HK\$247.5 million).
- Gross loss for the year ended 31 March 2022 amounted to approximately HK\$20.1 million (2021: approximately HK\$28.5 million).
- Loss attributable to owners of the Company for the year ended 31 March 2022 amounted to approximately HK\$24.0 million (2021: approximately HK\$31.9 million).
- Basic and diluted loss per share for the year ended 31 March 2022 amounted to approximately HK cents 3 (2021: approximately HK cents 4).
- The Board does not recommend the declaration of a dividend for the year ended 31 March 2022 (2021: nil).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	4	332,610	247,530
Cost of sales and services		(352,713)	(275,984)
		(20,103)	(28,454)
Gross loss			
Impairment losses under expected credit loss model, net of reversal		133	267
Other income, other gains and losses, net	5	6,080	8,833
Administrative expenses		(9,898)	(13,926)
Finance costs	6	(88)	(46)
		(23,876)	(33,326)
Loss before taxation			
Income tax (expense) credit	7	(156)	1,464
		(24,032)	(31,862)
Loss for the year			
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		46	30
Reclassification of cumulative translation reserve upon disposal of foreign operations		-	(1)
		46	29
		(23,986)	(31,833)
Total comprehensive expense for the year			
Loss for the year attributable to:			
Owners of the Company		(24,032)	(31,886)
Non-controlling interests		-	24
		(24,032)	(31,862)
Total comprehensive expense for the year attributable to:			
Owners of the Company		(23,986)	(31,857)
Non-controlling interests		-	24
		(23,986)	(31,833)
Loss per share (HK cents)			
- Basic and Diluted	8	(3)	(4)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

		2022	2021
	Notes	HK\$'000	HK\$'000
Non-current assets			
Plant and equipment		1,046	2,516
Right-of-use assets		992	1,086
		<u>2,038</u>	<u>3,602</u>
Current assets			
Trade and other receivables, deposits and prepayments	10	24,115	21,828
Contract assets	11	42,788	61,927
Restricted bank balances		15,719	15,618
Bank balances and cash		6,200	7,818
		<u>88,822</u>	<u>107,191</u>
Assets classified as held for sale		-	478
		<u>88,822</u>	<u>107,669</u>
Current liabilities			
Trade and other payables	12	44,938	42,078
Other short-term borrowing	13	728	-
Amount due to a director of a subsidiary	14	16,058	17,000
Amount due to a shareholder	14	3,555	1,500
Provisions	15	2,572	2,572
Contract liabilities		-	1,115
Tax payable		293	-
Lease liabilities		811	654
		<u>68,955</u>	<u>64,919</u>
Net current assets		<u>19,867</u>	<u>42,750</u>
Total assets less current liabilities		<u>21,905</u>	<u>46,352</u>
Non-current liabilities			
Lease liabilities		124	405
Deferred tax liability		-	180
		<u>124</u>	<u>585</u>
Net assets		<u>21,781</u>	<u>45,767</u>
Capital and reserves			
Share capital		8,048	8,048
Reserves		13,733	37,719
		<u>21,781</u>	<u>45,767</u>
Total equity		<u>21,781</u>	<u>45,767</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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**”). D’Legem Group Limited (“**D’Legem**”), a company with limited liability incorporated in Hong Kong, owns 225,330,000 shares of the Company, representing 28% of the total issued share capital of the Company. D’ Legem is 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 principally 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. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and related Amendments ²
Amendments to HKFRS 3	Reference to Conceptual Framework ¹
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	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5(2020) ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKAS 1	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 16	Property, plant and Equipment - Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Amendment to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 ¹

¹ Effective for annual periods beginning on or after 1 January 2022

² Effective for annual periods beginning on or after 1 January 2023

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

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company 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 37 Onerous Contracts — Cost of Fulfilling a Contract

The amendments specify that, when an entity assesses whether a contract is onerous in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets, the unavoidable costs under the contract should reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. Costs of fulfilling the contract include incremental costs and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments are applicable to contracts for which the Group has not yet fulfilled all its obligations as at the date of initial application. Specifically, the amendments are applicable to the Group's assessment of onerous contracts in relation to construction contracts.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and by the Hong Kong Companies Ordinance.

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 approximately HK\$6.2 million, while its trade and other payables, other short-term borrowing, lease liabilities and amount due to a director of a subsidiary and a shareholder were approximately HK\$45.0 million, HK\$0.7 million, HK\$0.9 million, HK\$16.1 million and HK\$3.6 million, respectively as at 31 March 2022, and the Group incurred a net loss of approximately HK\$24.0 million and net operating cash outflow of approximately HK\$9.0 million respectively for the year ended 31 March 2022. A substantial portion of the net loss for the year ended 31 March, 2022 is caused by suspension of several projects due to the adverse effect of Coronavirus 2019 pandemic (the "**Pandemic**") resulting a loss of approximately HK\$26.7 million incurred in those projects for the year to the Group. The Pandemic continues to negatively affect the markets in which the Group operates and consequently the Group's ability to continue as a going concern is dependent on the Group's adjustment of its strategies to mitigate the possible further impact of the Pandemic on the Group's financial results and cashflows, and the successful implementation of the Group's cost optimization and reduction measures so as to improve working capital and cashflow position as well as successful obtaining additional new sources of financing extended by legitimate financial institutions to the Group. 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 facilities extended to the Group from legitimate financial institutions. Having given due consideration on the above matters, the directors of the Company are confident that the Group will be able to obtain and maintain sufficient financial resources 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.

The consolidated financial statements have been prepared on the historical cost basis as explained in the accounting policies set out below.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

4. REVENUE AND SEGMENT INFORMATION

(a) Revenue

Disaggregation of revenue from contracts with customers

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Sales of goods		
– Sales of liquefied natural gas in the People’s Republic of China (“PRC”)	105,632	59,480
Construction and site formation services in Hong Kong		
– Public sector	226,978	188,050
	332,610	247,530

Timing of revenue recognition

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Over time	226,978	188,050
At a point in time	105,632	59,480
	332,610	247,530

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

The transaction price of construction work allocated to the remaining performance obligations as at 31 March 2022 amounts to approximately HK\$333,798,000 (2021: HK\$276,350,000). The Directors expect that all the remaining performance obligations will be recognised as revenue over the next two years (2021: two years) from the end of the reporting period.

(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.

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

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

(i) Geographical information

The Group earns revenue from external customers in two main geographical areas:

- a. The PRC
- b. Hong Kong

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

	2022	2021
	HK\$’000	HK\$’000
The PRC	105,632	59,480
Hong Kong	226,978	188,050
	332,610	247,530

(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:

	2022	2021
	HK\$’000	HK\$’000
Customer A (note 1)	71,518	N/A*
Customer B (note 2)	64,604	46,206
Customer C (note 1)	62,684	65,578
Customer D (note 1)	39,724	N/A*
Customer E (note 1)	38,295	66,620

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

Notes:

(1) Revenue from construction and site formation business.

(2) Revenue from trading business.

5. OTHER INCOME, OTHER GAINS AND LOSSES, NET

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Bank interest income	102	165
Gain on disposals of plant and equipment	4,461	2,536
Gain on disposals of assets held for sales	422	-
Gain on disposal of investments in subsidiaries	-	27
Government grants	-	7,967
Provision for onerous contracts (<i>note 15</i>)	-	(2,572)
Others	1,095	710
	6,080	8,833

During the year ended 31 March 2021, the Group recognised government grants of approximately HK\$7,967,000 in respect of Covid-19 related subsidies and HK\$7,646,000 of which relates to Employment Support Scheme and the balance HK\$321,000 relates to an One-off Subsidy for Transport Trades.

6. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest on:		
- lease liabilities	65	46
- other short-term borrowing	23	-
	88	46

7. INCOME TAX (EXPENSE) CREDIT

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax		
- Hong Kong Profits Tax	-	-
- PRC Enterprise Income Tax	(336)	(15)
Deferred taxation	180	1,479
	(156)	1,464

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 years as there were no assessable profits generated for the year.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the year ended 31 March 2022.

In accordance with the “Notice on implementing Generalised Preferential Tax Treatment for Small Low-profit Enterprises” (Caishui [2019] No. 13), the Group’s PRC entity which is qualified as small and thin profit enterprises with an annual taxable income of RMB1 million or less enjoyed a preferential tax rate of 20% of its taxable income, with the residual 80% exempted for the year ended 31 March 2021.

8. LOSS PER SHARE

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

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss		
Loss for the purpose of basic loss per share for the year attributable to the owners of the Company	(24,032)	(31,886)
	2022	2021
	<i>'000</i>	<i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	804,750	804,750

No diluted loss per share were presented as there were no dilutive potential ordinary shares in issue for both years ended 31 March 2022 and 2021.

9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2022, nor has any dividend been proposed since the end of the reporting period (2021: nil).

10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables from contracts with customers	16,837	15,875
Less: Allowance for credit losses	(250)	(265)
	16,587	15,610
Prepayments, deposits and other receivables	7,528	6,218
	24,115	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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 to 30 days	1,626	11,745
31 to 60 days	9,549	4,099
61 to 365 days	5,662	31
	16,837	15,875
Less: Allowance for credit losses	(250)	(265)
	16,587	15,610

As at the reporting date, included in the Group's trade receivables balance is a debtor with aggregate carrying amount of approximately HK\$5,662,000 (2021: HK\$31,000) which is past due over 90 days as at the reporting date and this past due amount is not considered in default as this amount has been fully settled subsequent to the reporting date.

11. CONTRACT ASSETS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Unbilled revenue of construction contracts	13,526	28,943
Retention receivables of construction contracts	29,911	33,752
	43,437	62,695
Less: Allowance for credit losses	(649)	(768)
	42,788	61,927

The Group 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 year end date. The contract assets are transferred to trade receivables when the rights become unconditional.

The amount of contract assets that is expected to be recovered after more than one year is approximately HK\$16,372,000 (2021: approximately HK\$13,767,000) all of which relate to retentions.

During the year ended 31 March 2022, approximately HK\$119,000 of ECL on contract assets was reversed (2021: approximately HK\$532,000).

12. TRADE AND OTHER PAYABLES

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	27,969	19,733
Retention payables (<i>note</i>)	2,211	6,459
Accrued expenses and other payables	14,758	15,886
	44,938	42,078

Note: As at 31 March 2022, the amount of the Group's retention payables expected to be due after more than twelve months was approximately HK\$1,165,000 (2021: HK\$3,632,000).

Trade payables represent payables to suppliers and subcontractors. The credit terms granted by subcontractors are stipulated in the relevant contracts and the payables are usually due for settlement within 60 days. In respect of purchases of liquefied natural gas, the credit period is 30 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit time-frame. The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2021	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 30 days	10,085	12,695
31 to 60 days	6,356	3,390
61 to 90 days	3,342	2,297
91 to 365 days	8,186	1,351
	27,969	19,733

13. OTHER SHORT-TERM BORROWING

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Other short-term borrowing	728	-

As at 31 March 2022, the Group entered into a loan agreement with a third party to borrow an on demand loan facility amounted to HK\$25,000,000 which is interest-bearing. All the interests shall be repaid every quarter and the principal loan amount shall be repaid within twelve months from the date of the first drawdown.

14. AMOUNTS DUE TO A DIRECTOR OF A SUBSIDIARY/A SHAREHOLDER

The amounts due to a director of a subsidiary and a shareholder respectively are non-trade in nature, unsecured, interest-free and is repayable on demand.

15. PROVISIONS

The provision was made for onerous contracts for construction services during the year ended 31 March 2022 and 31 March 2021. Under these contracts, the management of the Group estimates the unavoidable cost of meeting the obligations will exceed the economic benefits expected to be derived from the revenue generated by these contracts. The management of the Group is of opinion that there is no significant variation in unavoidable costs as at 31 March 2022.

These construction contracts have not been completed as at year ended 31 March 2022 due to unexpected postpone. The management of the Company expected that these contracts will be completed in the next twelve months. The provision for onerous contracts was recognised in “Other income, other gain and losses, net”.

The provision represents management’s best estimate of the Group’s liability under these contracts. These amounts have not been discounted for the purposes of measuring the provision for onerous contracts, because the effect is not material.

	<i>HK\$'000</i>
At 1 April 2021	<u>2,572</u>
At 31 March 2022	<u>2,572</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group has over 20 years of experience in providing site formation works as a subcontractor in Hong Kong (“**Construction Segment**”). 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 continues its trading of Liquefied Natural Gas (“**LNG**”) business in the People’s Republic of China (“**PRC**”) (“**Trading Segment**”).

For the year ended 31 March 2022 (the “**Reporting Period**”), the revenue for Trading Segment was approximately HK\$105.6 million (2021: approximately HK\$59.5 million). After Coronavirus 2019 pandemic (the “**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. A faster than expected economic rebound following the lifting of pandemic lockdowns accelerated demand for LNG in the Reporting Period.

As at 31 March 2022, there were 5 (2021: 8) projects on hand with total contract sum amounting to approximately HK\$575.8 million (2021: approximately HK\$623.6 million). Most of the 5 projects are short term and small in size. For the Reporting Period, there were 5 (2021: 9) projects of total contract sum amounting to approximately HK\$95.5 million (2021: approximately HK\$175.1 million) completed and contributed a turnover of approximately HK\$81.0 million (2021: approximately HK\$78.4 million) to the Group.

During the Reporting Period, the Group was awarded 2 projects (2021: 10) relating to site formation, road and drainage works, and marine works project in Island District and Northern District (2021: Island District and Sai Kung District) with total contract sum of approximately HK\$47.8 million (2021: approximately HK\$294.6 million). These two projects were already completed in the year contributing a turnover of HK\$47.5 million. As at 31 March 2022, the five projects together with related variation orders on hand are in progress and approximately HK\$146.0 million has been recognised as revenue up to 31 March 2022.

Set out below is a list of projects completed during the Reporting Period and those projects which are still in progress at 31 March 2022:

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	Completed	0.2
Islands District	Foundation works	Completed	45.8
Islands District	Awe sewer works	Completed	1.8
Sai Kung District	ELS and shoring works	In progress	113.1
Islands District	Foundation works*	Completed	46.0
Northern District	Concrete floor works*	Completed	1.8

* Newly awarded in the period under review

PROSPECTS

The construction industry was still full of challenges during the year. The global outbreak of the Covid-19 Pandemic has been lasting for over two years since Jan 2020 and caused unprecedented disruptions in business operations and the Hong Kong economy as a whole seriously. The Group has been actively monitoring market conditions and taking appropriate measures to mitigate the impact resulted from unfavorable market factors. The Group continues to strengthen its cost control measures and resources management policies, and actively participate in tendering and bidding to maintain its market competitiveness.

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 near future, the Group will continue to take part in tenders for projects from various government departments more rigorously and actively as a result of the long-term housing development and land policy in Hong Kong. Due to the fierce competition in the market and the increased technical requirements by the clients for bidding projects, it has become difficult and progressively more difficult to successfully win bids for projects. The Group will enhance the bidding advantages and capabilities and strive for more successful bids for projects. In additions, the Group will also explore various chances in construction industry to create greater value for shareholders.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group's revenue was amounted to approximately HK\$332.6 million (2021: approximately HK\$247.5 million), representing an increase of approximately HK\$85.1 million or 34.4% from the previous year. The increase was mainly attributable to an increase of approximately 20.7% in revenue to approximately HK\$227.0 million for the construction and site formation services in Hong Kong. Further, the performance of trading of LNG business in the PRC delivered satisfactory results which contributed to approximately HK\$105.6 million, an increase of approximately 77.6%, to the Group's revenue.

During the Reporting Period, the revenue of the Group was mainly contributed by 10 projects, whereas revenue of the Group for last year ended 31 March 2021 was contributed by 16 projects. During the Reporting Period, the Group was awarded 2 projects with total contract sum of approximately HK\$47.8 million whereas in contrast the Group was awarded 10 projects with total contract sum of approximately HK\$294.6 million in last year.

Gross loss

For the Reporting Period, the Group sustained a net gross loss was approximately HK\$20.1 million (2021: approximately HK\$28.5). Such decrease was mainly due to the decrease in staff cost and depreciation of plant and equipment. The number of projects as compared with that in 2021 was similar. Near half in number of the projects were completed during the Reporting Period while majority of the rest were in their later stage of progress. The management continued to execute a tight control on cost, quality of work and the time to completion of projects. Further, there was an increase in project costs due to delay in work progress attributable to the impact of the pandemic.

Other income, other gain and losses, net

The other income, other gain and losses, net of the Group achieved in the Reporting Period amounted to approximately HK\$6.1 million, representing a decrease of approximately 31% compared with approximately HK\$8.8 million for the year ended 31 March 2021. The decrease is mainly due to subsidies from the Employment Support Scheme of the Government of approximately HK\$8.0 million received and provision for onerous contracts of approximately HK\$2.6 million for the year ended 31 March 2021 no longer in existence in the Reporting Period and an increase of approximately HK\$2.3 million to HK\$4.9 million on gain on disposal of plant and equipment and assets held for sales in the Reporting Period (2021: approximately HK\$2.5 million).

Administrative expenses

The administrative expenses of the Group for the Reporting Period amounted to approximately HK\$9.9 million, representing a decrease of approximately 29% compared with approximately HK\$13.9 million for the year ended 31 March 2021. Such decrease was mainly due to the decrease in staff cost and depreciation of plant and equipment.

Loss and total comprehensive expense for the year

Loss and total comprehensive expense for the year of the Group amounted to approximately HK\$24.0 million (2021: HK\$31.8 million). The decrease in loss amounted to approximately HK\$7.8 million or 25% was mainly attributable to the decrease in gross loss and administrative expenses as stated above.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL RESOURCES

As at 31 March 2022, the Group had bank balances of approximately HK\$6.2 million (2021: approximately HK\$7.8 million). The interest-bearing debts of the Group as at 31 March 2022 was approximately HK\$728,000 (2021: nil).

The gearing ratio is calculated based on the amount of total interest-bearing debts divided by total equity. As at 31 March 2022, the gearing ratio of the Group was 0.03 (2021: nil).

PLEDGE OF ASSETS

As at 31 March 2022 and 2021, the Group did not pledge any assets to secure any loans.

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 traded LNG in the PRC. The volume of the PRC business is approximately HK\$105.6 million or 31.8% to total revenue. 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 currently does not have a foreign currency hedging policy. However, management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2022, the Group employed 150 staff (2021: 207 staff). Total staff costs including directors' emoluments for the Reporting Period, amounted to approximately HK\$71.4 million (2021: approximately HK\$77.2 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.

CAPITAL STRUCTURE

During the Reporting Period, there has been no change in capital structure of the Company. The capital of the Company comprises ordinary shares and capital reserves. As at 31 March 2022, the Company's issued share capital was approximately HK\$8.0 million (2021: approximately HK\$8.0 million).

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 2022, the Group did not make any capital commitments (2021: nil).

CONTINGENT LIABILITIES

As at 31 March 2022, the Group did not have any significant contingent liabilities (2021: nil).

DIVIDEND

The Board has resolved not to declare any dividend for the Reporting Period (2021: nil)

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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 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, except the CG Code provisions C.1.8 and C.2.1 with considered reasons explained below.

Under the CG Code provision C.1.8, the Company should arrange for appropriate insurance covering the liabilities of the Directors that may arise out of the corporate activities. Due to an inadvertent error or negligence on handling the renewal of the appropriate insurance, the insurance expired on 18 March 2021. The Company has already arranged appropriate insurance cover on 1 June 2022.

Under the CG Code provision C.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. There is no separation between the roles of the chairman of the Board (the "**Chairman**") and the chief executive officer of the Company ("**CEO**"). Although the responsibilities of the Chairman and CEO are vested in one person, all major decisions are made in consultation with the Board members and the senior management of the Company. The Board considers that there is sufficient balance of power and the current arrangement maintains a strong management position of the Company.

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.

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.

REVIEW OF FINANCIAL INFORMATION

The audit committee of the Company (the “**Audit Committee**”) consists of three independent non-executive Directors, namely Ms. Lam Yuen Man Maria, Mr. Law Ka Ming Michael and Mr. Chung Man Lai. 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, CWK CPA Limited.

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.centurygroup.com.hk. 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, 28 June 2022

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.