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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 2023

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 2023 (the “**Reporting Period**”), together with the comparative figures for the year ended 31 March 2022:

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the year ended 31 March 2023 amounted to approximately HK\$132.4 million (2022: approximately HK\$332.6 million).
- Gross loss for the year ended 31 March 2023 amounted to approximately HK\$22.6 million (2022: approximately HK\$20.1 million).
- Loss attributable to owners of the Company for the year ended 31 March 2023 amounted to approximately HK\$22.5 million (2022: approximately HK\$24.0 million)
- Basic and diluted loss per share for the year ended 31 March 2023 amounted to approximately HK cents 3 (2022: approximately HK cents 3).
- The Board does not recommend the declaration of a dividend for the year ended 31 March 2023 (2022: nil).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

	Note	2023 HK\$'000	2022 HK\$'000
Revenue	4	132,421	332,610
Cost of sales and services		<u>(154,996)</u>	<u>(352,713)</u>
Gross loss		(22,575)	(20,103)
Impairment losses under expected credit loss model, net of reversal		(544)	133
Other income, other gains and losses, net	5	7,511	6,080
Administrative expenses		(6,880)	(9,898)
Finance costs	6	<u>(284)</u>	<u>(88)</u>
Loss before taxation		(22,772)	(23,876)
Income tax credit (expense)	7	<u>228</u>	<u>(156)</u>
Loss for the year		(22,544)	(24,032)
Other comprehensive (expense) income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		<u>(138)</u>	<u>46</u>
Total comprehensive expense for the year		<u><u>(22,682)</u></u>	<u><u>(23,986)</u></u>
Loss per share (HK cents)			
- Basic and diluted	8	<u><u>(3)</u></u>	<u><u>(3)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 March 2023

	Note	2023 HK\$'000	2022 HK\$'000
Non-current assets			
Plant and equipment		551	1,046
Right-of-use assets		240	992
		<u>791</u>	<u>2,038</u>
Current assets			
Trade and other receivables, deposits and prepayments	10	14,176	24,115
Contract assets	11	46,209	42,788
Restricted bank balances		-	15,719
Bank balances and cash		6,867	6,200
		<u>67,252</u>	<u>88,822</u>
Current liabilities			
Trade and other payables	12	46,963	44,938
Other short-term borrowing	13	3,276	728
Amount due to a director of a subsidiary	14	12,408	16,058
Amount due to a shareholder	14	3,555	3,555
Provisions	15	2,572	2,572
Tax payable		45	293
Lease liabilities		125	811
		<u>68,944</u>	<u>68,955</u>
Net current (liabilities) assets		<u>(1,692)</u>	<u>19,867</u>
Total assets less current liabilities		<u>(901)</u>	<u>21,905</u>
Non-current liabilities			
Lease liabilities		-	124
Net (liabilities) assets		<u>(901)</u>	<u>21,781</u>
Capital and reserves			
Share capital		8,048	8,048
(Deficits) reserves		(8,949)	13,733
Total equity		<u>(901)</u>	<u>21,781</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 KYI-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 Group’s annual period beginning on 1 April 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

Except as described below, the application of the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current year and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKAS 37 Onerous Contracts – Cost of Fulfilling a Contract

The Group has applied the amendments for the first time in the current year. The amendments specify that, when an entity assesses whether a contract is onerous in accordance with HKAS 37, the unavoidable costs under a 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 (e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

In accordance with the transitional provisions, the amendments are applicable to contracts for which the Group has not yet fulfilled all its obligations as at the date of initial application, 1 April 2022. Specifically, the Group's assessment of onerous contracts in relation to construction contracts.

The application of the amendments in the current year has had no impact on the Group's financial positions and performance.

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 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

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

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or 1 January 2024.

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.

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.

The Group incurred a net loss of approximately HK\$22,544,000 during the year ended 31 March 2023 and, as of 31 March 2023, the Group had net current liabilities and net liabilities of HK\$1,692,000 and HK\$901,000. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors are of the opinion that the Group will be able to finance its future financing requirements and working capital based on the following considerations:

- i. As at 31 March 2023, the Group owed approximately HK\$12.4 million to a director of a subsidiary. The director of a subsidiary has agreed not to request for repayment of the amount owed by the Group unless the Group is in a financial affordable position or in the reasonable opinion after due and careful consideration the Group is likely to have a material adverse change on the business, operations, property or condition.
- ii. The loan facility has been renewed with an amount of HK\$18,000,000 and extended for 18 months effective from 31 March 2023.
- iii. A substantial portion of the net loss for the year ended 31 March 2023 is caused by the delay of a major project due to the adverse effect of Coronavirus 2019 pandemic (the "Pandemic") resulting a loss of approximately HK\$27.3 million incurred in the project for the year to the Group. The directors have reviewed the Group's cash flow projections in which the level of the demand of the Group's services and the potential implications of COVID-19 have been considered. The projection covers a period of 12 months from 31 March 2023. Taking into account that the lifting of COVID-19 restrictions, and the aforesaid loss making project is expected to be substantially completed in June 2023, the directors expect the construction segment to generate profit and cash inflow to the Group in 2024.

In view of the above, the directors are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next 12 months from the end of the reporting period. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the directors will be able to achieve its plan and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows in the near future.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in the consolidated financial statements.

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

	2023 HK\$'000	2022 HK\$'000
Sales of goods		
- Sales of liquefied natural gas in the People's Republic of China ("PRC")	5,233	105,632
Construction and site formation services in Hong Kong		
- Public sector	127,188	226,978
	132,421	332,610

Timing of revenue recognition

	2023 HK\$'000	2022 HK\$'000
Over time	127,188	226,978
At a point in time	5,233	105,632
	132,421	332,610

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 2023 amounts to approximately HK\$47,612,000 (2022: HK\$333,798,000). The Directors expect that all the remaining performance obligations will be recognised as revenue over the next two years (2022: 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:

	2023	2022
	HK\$'000	HK\$'000
The PRC	5,233	105,632
Hong Kong	127,188	226,978
	132,421	332,610

(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:

	2023	2022
	HK\$'000	HK\$'000
Customer A (note 1)	73,837	38,295
Customer B (note 1)	26,654	39,724
Customer C (note 1)	25,749	62,684

Notes:

(1) Revenue from construction and site formation business.

(2) Revenue from trading business.

5. OTHER INCOME, OTHER GAINS AND LOSSES, NET

	2023 HK\$'000	2022 HK\$'000
Bank interest income	105	102
Gain on disposal of plant and equipment	578	4,461
Gain on disposal of assets held for sales	-	422
Government grants	3,551	-
Others	3,277	1,095
	<u>7,511</u>	<u>6,080</u>

During the year ended 31 March 2023, the Group recognised government grants of approximately HK\$3,551,000 in respect of COVID-19 related subsidies and HK\$3,341,000 of which relates to Employment Support Scheme and the balance HK\$210,000 is the subsidy from the PRC government received by the subsidiary in the PRC.

6. FINANCE COSTS

	2023 HK\$'000	2022 HK\$'000
Interest on:		
- lease liabilities	24	65
- other short-term borrowing	260	23
	<u>284</u>	<u>88</u>

7. INCOME TAX CREDIT (EXPENSE)

	2023 HK\$'000	2022 HK\$'000
Current tax		
- Hong Kong Profits Tax	-	-
- PRC Enterprise Income Tax	228	(336)
Deferred taxation	-	180
	<u>228</u>	<u>(156)</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 there was 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 2023.

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 2023.

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:

	2023	2022
	HK\$'000	HK\$'000
Loss		
Loss for the purpose of basic loss per share for the year attributable to the owners of the Company	<u>(22,544)</u>	<u>(24,032)</u>
	2023	2022
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>804,750</u>	<u>804,750</u>

No diluted loss per share were presented as there were no dilutive potential ordinary shares in issue for both years ended 31 March 2023 and 2022.

9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2023, nor has any dividend been proposed since the end of the reporting period (2022: nil).

10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2023	2022
	HK\$'000	HK\$'000
Trade receivables from contracts with customers	4,250	16,837
Less: Allowance for credit losses	(196)	(250)
	<u>4,054</u>	<u>16,587</u>
Prepayments, deposits and other receivables	10,592	7,528
Less: Allowance for credit losses	(470)	-
	<u>10,122</u>	<u>7,528</u>
	<u>14,176</u>	<u>24,115</u>

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 liquefied natural gas, payment is required to be settled by 30 days from presentation of sale invoices. 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:

	2023	2022
	HK\$'000	HK\$'000
0 to 30 days	80	1,626
31 to 60 days	126	9,549
61 to 365 days	3,578	5,662
Over 365 days	466	-
	4,250	16,837
Less: Allowance for credit losses	(196)	(250)
	4,054	16,587

As at the reporting date, included in the Group's trade receivables balance is a debtor with aggregate carrying amount of approximately HK\$4,044,000 (2022: HK\$5,662,000) 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

	2023	2022
	HK\$'000	HK\$'000
Unbilled revenue of construction contracts	8,408	13,526
Retention receivables of construction contracts	38,578	29,911
	46,986	43,437
Less: Allowance for credit losses	(777)	(649)
	46,209	42,788

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\$20,266,000 (2022: HK\$16,372,000) all of which relates to retentions.

During the year ended 31 March 2023, there is approximately HK\$128,000 of provision of ECL on contract assets (2022: HK\$119,000 of reversal).

12. TRADE AND OTHER PAYABLES

	2023	2022
	HK\$'000	HK\$'000
Trade payables	25,781	27,969
Retention payables (note)	2,267	2,211
Accrued expenses and other payables	18,915	14,758
	46,963	44,938

Note: As at 31 March 2023, the amount of the Group's retention payables expected to be due after more than twelve months was approximately HK\$1,610,000 (2022: HK\$1,165,000).

Trade payables represent payables to suppliers and subcontractors. The credit terms granted to 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:

	2023	2022
	HK\$'000	HK\$'000
0 to 30 days	7,679	10,085
31 to 60 days	3,137	6,356
61 to 90 days	1,885	3,342
91 to 365 days	13,080	8,186
	25,781	27,969

13. OTHER SHORT-TERM BORROWING

	2023	2022
	HK\$'000	HK\$'000
Other short-term borrowing	3,276	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.

As at 31 March 2023, the loan facility has been renewed with an amount of HK\$18,000,000 and extended for 18 months effective from 31 March 2023.

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

The amount due to a director of a subsidiary is non-trade in nature, unsecured, interest-free. As at 31 March 2023, the Director has agreed not to request for repayment until the Group is in a financial position to do so.

The amount due to a shareholder is 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 2023 and 31 March 2022. 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 2023.

These construction contracts have not been completed as at year ended 31 March 2023 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.

	HK\$'000
At 1 April 2022	<u>2,572</u>
At 31 March 2023	<u>2,572</u>

EXTRACT FROM INDEPENDENT AUDITOR'S REPORT ON THE GROUP'S CONSOLIDATED FINANCIAL STATEMENTS

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 3.1* to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared. The Group experienced a loss of HK\$22,544,000 for the year ended 31 March 2023 and had net current liabilities and net liabilities of HK\$1,692,000 and HK\$901,000 as at that date respectively. These conditions, along with other matters as set forth in note 3.1* to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. The directors, having considered the measures being taken by the Group, are of the opinion that the Group would be able to continue as a going concern. Our opinion is not modified in respect of this matter.

* As reproduced in note 3 of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Construction and site formation services

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.

As at 31 March 2023, there were 3 (2022: 5) projects on hand with total contract sum amounting to approximately HK\$436.7 million (2022: approximately HK\$575.8 million). 2 of the 3 projects were substantially completed while the remaining 1 project had been just started. For the year ended 31 March 2023 (the “**Reporting Period**”), there were 3 (2022: 5) projects of total contract sum amounting to approximately HK\$152.7 million (2022: approximately HK\$95.5 million) completed and contributed a turnover of approximately HK\$25.8 million (2022: approximately HK\$81.0 million) to the Group.

During the Reporting Period, the Group was awarded 1 project (2022: 2) relating to blasting and tunnel works project in Shatin District (2022: Island District and Northern District) with total contract sum of approximately HK\$13.6 million (2022: approximately HK\$47.8 million). The project has been just started during the Reporting Period. As at 31 March 2023, the three projects together with related variation orders on hand are in progress and approximately HK\$101.4 million has been recognised as revenue up to 31 March 2023.

Set out below is a list of projects completed during the Reporting Period and those projects which are still in progress at 31 March 2023:

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	Completed	42.7
Islands District	Road and drainage works	Completed	62.1
Islands District	Road and drainage works	Completed	47.9
Sai Kung District	ELS and shoring works	In progress	113.1
Shatin District	Blasting and tunnel works*	In progress	13.6

* Newly awarded in the period under review

Trading of Liquefied Natural Gas

During the Reporting Period, the Group continued its trading of Liquefied Natural Gas (“LNG”) business in the People’s Republic of China (“PRC”) (“Trading Segment”). Gas demand in Asia dropped as a result of high LNG prices, COVID-19 related disruptions in the PRC and consistently mild weather in Northeast Asia. The PRC is the great unknown in 2023. If global LNG demand returns to pre-crisis levels, that will only intensify competition on global markets and inevitably push prices up again. The Group faced keen market competition and challenging environment. For the Reporting Period, the revenue for the Trading Segment was approximately HK\$5.2 million (2022: approximately HK\$105.6 million).

Prospects

We expect that the global financial and energy markets will remain volatile and the prices of energy and raw materials will remain high. The disruption of the raw material supply chain would lead to a shortage of supply. The operating cost is expected remaining high and the price will continue to increase in the coming year. The Group will take all reasonable measures to control costs.

Due to the fierce competition in the market and the increased technical requirements of the clients for bidding projects, it has become increasingly more difficult to successfully win bids for projects. We will enhance the Group’s bidding advantages and capabilities and strive for more successful bids for projects.

The Group will continue to take part in tenders for projects from various government departments more rigorously and actively. In additions, the Group will also explore various chances in construction industry to create greater value for shareholders.

Financial Review

Revenue

The Group recorded revenue of approximately HK\$132.4 million for the Reporting Period, representing a decrease of approximately HK\$200.2 million or 60.2% compared with approximately HK\$332.6 million for the corresponding period in 2022. Both the Construction Segment and Trading Segment recorded substantial decrease in revenue of approximately HK\$99.8 million or 44.0% and HK\$100.4 million or 95.1%, respectively. Keen competition and high materials price caused the number of projects awarded and the trading volume dropped substantially.

Gross loss

The Group’s total gross loss amounted to approximately HK\$22.6 million for the Reporting Period, an increase of approximately HK\$2.5 million or 12.3% compared with approximately HK\$20.1 million for the corresponding period in 2022.

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.

Other income, other gain and losses, net

The net other income, other gain and losses of the Group for the Reporting Period amounted to approximately HK\$7.5 million, representing an increase of approximately HK\$1.4 million or 23.5% compared with approximately HK\$6.1 million for the corresponding period of 2022. There were government grants in the Reporting Period of approximately HK\$3.6 million while a contribution by a gain on disposal of plant and equipment of approximately HK\$4.5 million was recorded in the corresponding period of 2022.

Administrative expenses

The administrative expenses of the Group for the Reporting Period amounted to approximately HK\$6.9 million, representing a decrease of approximately HK\$3.0 million or 30.5% compared with approximately HK\$9.9 million for the corresponding period of 2022. The decrease was mainly attributable to a reduction of staff cost of approximately HK\$1.6 million in the Reporting Period.

Loss and total comprehensive expense for the year

The loss and total comprehensive expense of the Group for the Reporting Period recorded approximately HK\$22.5 million and HK\$22.7 million respectively, as compared to approximately HK\$24.0 million and HK\$24.0 million, respectively, for the corresponding period in 2022. The decrease was mainly attributable to the increase in the net other income and the decrease in the administrative expenses as discussed above.

Liquidity, Financial Resources and Capital Resources

As at 31 March 2023, the Group had bank balances of approximately HK\$6.9 million (31 March 2022: approximately HK\$6.2 million). As at 31 March 2023, the amount of total interest-bearing borrowing of the Group was approximately HK\$3.3 million (2022: approximately HK\$0.7 million).

The gearing ratio is calculated based on the amount of total interest-bearing debts divided by total equity. As at 31 March 2023, the gearing ratios of the Group were (3.64) (31 March 2022: 0.03).

Pledge of Assets

As at 31 March 2023, 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\$5.2 million or 4.0% 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 2023, the Group employed 124 staff (2022: 147 staff). Total staff costs including directors' emoluments for the Reporting Period, amounted to approximately HK\$69.0 million (2022: approximately HK\$70.8 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.

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 2023, the Group did not make any capital commitments (2022: nil).

Contingent Liabilities

As at 31 March 2023, the Group did not have any significant contingent liabilities (2022: nil).

Dividend

No dividend was paid or proposed for ordinary shareholders of the Company during the Reporting Period, nor has any dividend been proposed since the end of the Reporting Period (2022: 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, except the CG Code provisions C.2.1 with considered reasons explained below.

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, Michael Ka Ming 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, 29 June 2023

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