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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 2023

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 2023 (the “**Reporting Period**”), together with the comparative figures for the corresponding period in 2022:

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the Reporting Period amounted to approximately HK\$29.7 million (for the six months ended 30 September 2022: approximately HK\$73.8 million).
- Loss attributable to owners of the Company for the Reporting Period amounted to approximately HK\$6.2 million (for the six months ended 30 September 2022: approximately HK\$16.4 million).
- Basic and diluted loss per share for the Reporting Period amounted to approximately HK cent 1 (for the six months ended 30 September 2022: approximately HK cents 2).
- The Board does not declare any interim dividend for the Reporting Period (for the six months ended 30 September 2022: nil).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

	Notes	Six months ended	
		30 September	
		2023	2022
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	4	29,684	73,786
Cost of sales and services		(34,939)	(90,961)
		<hr/>	<hr/>
Gross loss		(5,255)	(17,175)
Other income, other gains and losses, net	5	2,139	4,216
Administrative expenses		(2,846)	(3,586)
Finance costs		(226)	(117)
		<hr/>	<hr/>
Loss before taxation		(6,188)	(16,662)
Income tax credit	6	—	279
		<hr/>	<hr/>
Loss for the period	7	(6,188)	(16,383)
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(84)	(214)
		<hr/>	<hr/>
Total comprehensive expense for the period		(6,272)	(16,597)
		<hr/>	<hr/>
Loss per share (HK cents)			
- Basic and diluted	9	(1)	(2)
		<hr/>	<hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023

	Notes	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Non-current assets			
Plant and equipment		347	551
Right-of-use assets		140	240
		487	791
Current assets			
Trade and other receivables, deposits and prepayments	10	12,098	14,176
Contract assets	11	40,215	46,209
Bank balances and cash		436	6,867
		52,749	67,252
Current liabilities			
Trade and other payables	12	33,500	46,963
Other short-term borrowing	13	4,356	3,276
Amount due to a director of a subsidiary		16,384	12,408
Amount due to a shareholder		3,555	3,555
Provisions		2,572	2,572
Tax payable		42	45
Lease liabilities		—	125
		60,409	68,944
Net current liabilities		(7,660)	(1,692)
Total assets less current liabilities		(7,173)	(901)
Capital and reserves			
Share capital	14	8,048	8,048
Deficits		(15,221)	(8,949)
Total equity		(7,173)	(901)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2023

Attributable to owners of the Company

	Share capital HK\$'000	Share premium HK\$'000 (note a)	Merger reserve HK\$'000 (note b)	Statutory reserve HK\$'000 (note c)	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2022 (audited)	8,048	109,951	—*	162	75	(96,455)	21,781
Loss for the period	—	—	—	—	—	(16,383)	(16,383)
Other comprehensive expense for the period	—	—	—	—	(214)	—	(214)
Total comprehensive expense for the period	—	—	—	—	(214)	(16,383)	(16,597)
At 30 September 2022 (Unaudited)	8,048	109,951	—*	162	(139)	(112,838)	5,184
At 1 April 2023 (audited)	8,048	109,951	—*	162	(63)	(118,999)	(901)
Loss for the period	—	—	—	—	—	(6,188)	(6,188)
Other comprehensive expense for the period	—	—	—	—	(84)	—	(84)
Total comprehensive expense for the period	—	—	—	—	(84)	(6,188)	(6,272)
At 30 September 2023 (Unaudited)	8,048	109,951	—*	162	(147)	(125,187)	(7,173)

* Less than HK\$1,000

Note:

- Under the Company Law (as revised) of the Cayman Islands, the share premium account of the Company is distributable to its shareholders, provided that immediately following the date on which the dividend is proposed to be paid, the Company shall be able to pay its debts as they fall due in the ordinary course of business.
- Merger reserve represents the difference between the nominal value of the issued capital of subsidiaries acquired pursuant to a group reorganization 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 2023

	Six months ended	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
NET CASH USED IN OPERATING ACTIVITIES	(11,410)	(7,735)
NET CASH GENERATED FROM INVESTING ACTIVITIES	137	694
NET CASH GENERATED FROM FINANCING ACTIVITIES	4,929	7,031
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,344)	(10)
Effect of foreign exchange rate changes	(87)	(208)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	6,867	6,200
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by bank balances and cash	436	5,982

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.

The Group incurred a net loss of approximately HK\$6.2 million for the six months ended 30 September 2023, the Group had net current liabilities and net liabilities of approximately HK\$7.7 million (31 March 2023: approximately HK\$1.7 million) and HK\$7.2 million (31 March 2023: approximately HK\$0.9 million) as at 30 September 2023 respectively. Moreover, the Group incurred a net operating cash outflow of approximately HK\$11.4 million for the six months ended 30 September 2023. The Directors prepared the unaudited condensed consolidated financial statements on a going concern basis and implemented some measures in order to improve the working capital and liquidity and cash flow position of the Group. More information is set out in the Company’s annual report for the year ended 31 March 2023.

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 2023 and should be used in conjunction with the audited consolidated financial statements for the year ended 31 March 2023.

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 2023, 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 2023 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	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Disaggregation of revenue from contracts with customers		
Sales of goods	—	5,306
Construction and site formation services in Hong Kong	29,684	68,480
	<hr/> 29,684 <hr/>	<hr/> 73,786 <hr/>
Timing of revenue recognition		
Over time	29,684	68,480
At a point in time	—	5,306
	<hr/> 29,684 <hr/>	<hr/> 73,786 <hr/>

(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:

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

	Construction and Site Formation Business HK\$'000 (Unaudited)	Trading Business HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Revenue from external customers	29,684	—	29,684
Segment results	<u>(7,309)</u>	<u>—</u>	<u>(7,309)</u>
Unallocated administrative expenses			(792)
Finance costs			(226)
Other income, other gains and losses			<u>2,139</u>
Loss before taxation			<u><u>(6,188)</u></u>

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

	Construction and Site Formation Business HK\$'000 (Unaudited)	Trading Business HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Revenue from external customers	68,480	5,306	73,786
Segment results	<u>(20,057)</u>	<u>73</u>	<u>(19,984)</u>
Unallocated administrative expenses			(777)
Finance costs			(117)
Other income, other gains and losses			<u>4,216</u>
Loss before taxation			<u><u>(16,662)</u></u>

5. OTHER INCOME, OTHER GAINS AND LOSSES, NET

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Bank interest income	—	85
Gain on disposal of plant and equipment	136	537
Government grants	—	3,100
Others	2,003	494
	<u>2,139</u>	<u>4,216</u>

For the six months ended 30 September 2022, the Group recognized government grants of approximately HK\$3,100,000 in respect of Covid-19 related subsidies and HK\$3,030,000 of which relates to Employment Support Scheme.

6. INCOME TAX CREDIT

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Current tax		
- Hong Kong Profits Tax	—	—
- PRC Enterprise Income Tax	—	(4)
Over-provision in respect of prior years		
- PRC Enterprise Income Tax	—	283
Deferred taxation	—	—
	<u>—</u>	<u>279</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 periods as there was no assessable profits generated for the periods.

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 Reporting Period.

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 Reporting Period.

7. LOSS FOR THE PERIOD

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the period has been arrived at after charging:		
Staff costs, including directors' emoluments		
– Salaries, wages, allowances and other benefits	21,778	32,536
– Contributions to retirement benefits scheme	667	1,061
Total staff costs	22,445	33,597
Depreciation of plant and equipment	204	208
Depreciation of right-of-use assets	100	453

9. DIVIDENDS

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).

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:

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss		
Loss the purpose of basic loss per share for the period attributable to the owners of the Company	(6,188)	(16,838)
	804,750	804,750
Number of shares		
Weighted average number of ordinary shares for the purpose of 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 periods ended 30 September 2023 and 2022.

10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Trade receivables from contracts with customers	2,850	4,250
Less: Allowance for credit losses	(196)	(196)
	<u>2,654</u>	<u>4,054</u>
Prepayments, deposits and other receivables	9,886	10,592
Less: Allowance for credit losses	(442)	(470)
	<u>9,444</u>	<u>10,122</u>
	<u><u>12,098</u></u>	<u><u>14,176</u></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:

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
0 to 30 days	1,113	80
31 to 60 days	—	126
61 to 365 days	190	3,578
Over 365 days	1,547	466
	<u>2,850</u>	<u>4,250</u>
Less: Allowance for credit losses	(196)	(196)
	<u>2,654</u>	<u>4,054</u>

As at the reporting date, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK\$1,737,000 (31 March 2023: HK\$4,044,000) which is past due over 90 days as at the reporting date.

11. CONTRACT ASSETS

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Unbilled revenue of construction contracts	3,000	8,408
Retention receivables of construction contracts	37,992	38,578
	<hr/>	<hr/>
	40,992	46,986
Less: Allowance for credit losses	(777)	(777)
	<hr/>	<hr/>
	40,215	46,209
	<hr/> <hr/>	<hr/> <hr/>

12. TRADE AND OTHER PAYABLES

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Trade payables	16,700	25,781
Retention payables	2,267	2,267
Accrued expenses and other payables	14,533	18,915
	<hr/>	<hr/>
	33,500	46,963
	<hr/> <hr/>	<hr/> <hr/>

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:

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
0 to 30 days	653	7,679
31 to 60 days	215	3,137
61 to 90 days	685	1,885
91 to 365 days	15,147	13,080
	<hr/>	<hr/>
	16,700	25,781
	<hr/> <hr/>	<hr/> <hr/>

13. OTHER SHORT-TERM BORROWING

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Other short-term borrowing	4,356	3,276

As at 30 September 2023, the Group entered into a loan agreement with a third party to borrow an on demand loan facility amounted to HK\$18,000,000 which is interest-bearing. All the interests shall be repaid every quarter and the principal loan amount shall be repaid by 30 September 2024.

14. SHARE CAPITAL

	Number of shares		Share Capital	
	30 September 2023 (Unaudited)	31 March 2023 (Audited)	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
Ordinary shares of HK\$0.01 each				
Authorised				
At the beginning and at the end of the period/year	2,000,000,000	2,000,000,000	20,000	20,000
Issued and fully paid:				
At the beginning of the period/year	804,750,000	804,750,000	8,048	8,048
At the end of the period/year	804,750,000	804,750,000	8,048	8,048

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\$29.7 million, approximately HK\$44.1 million lower than the corresponding period in 2022. Such decrease was mainly attributable to the projects on hand from previous years were at their later stage of completion while the new project awarded was in its initial stage during the Reporting Period.

During the Reporting Period, there was one new project awarded with contract sum of approximately HK\$1.0 million (2022: nil).

As at 30 September 2023, the four projects with related variation orders on hand are in progress, with a total contract sum of approximately HK\$437.7 million (2022: four projects, approximately HK\$533.1 million). Approximately HK\$25.1 million was recognised as revenue from three of these four projects during the Reporting Period while approximately HK\$4.6 million of the recognised revenue was generated from previous completed projects.

Set out below is a list of projects completed during the Reporting Period and those projects which are still in progress at 30 September 2023:

Site Location	Type of Work	Status	Contract Sum (HK\$'Million)
Kwun Tong District	Site formation works	In progress	310.0
Sai Kung District	ELS and shoring works	In progress	113.1
Shatin District	Blasting and tunnel works	In progress	13.6
Kwai Tsing District	Blasting and tunnel works *	In progress	1.0

* 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 nil (2022: approximately HK\$5.4 million).

Armed with a growing portfolio of long-term supply deals recently struck with Qatar and United States of America exporters, as well as extensive terminal capacity, Chinese companies led by state giant are more actively trading LNG. LNG sales in the PRC had increased along with rising Asian demand after the disruption in Russian exports to Europe sparked price volatility and tightened supplies globally. The beefed-up trading presence of Chinese importers puts them in direct competition. There is a paradigm shift in Chinese companies from being total net importers to more international and domestic trading players. These openings in the market and a more liberalised domestic gas market have also prompted smaller Chinese gas distributors and importers to expand into the trading space.

Financial Review

The Group recorded revenue of approximately HK\$29.7 million for the Reporting Period, representing a decrease of approximately 44.1 million or 59.8% compared with approximately HK\$73.8 million for the corresponding period in 2022. The decrease was mainly due to the failure in awarding significant new projects and decreased sales in LNG in the PRC.

The Group's total gross loss amounted to approximately HK\$5.3 million for the Reporting Period, a decrease of approximately HK\$11.9 million or 69.4% compared with approximately HK\$17.2 million for the corresponding period in 2022. The Group's overall gross loss margin during the Reporting Period was approximately 17.7% (2022: approximately 23.3%).

The other revenue of the Group for the Reporting Period amounted to approximately HK\$2.1 million, representing a decrease of approximately HK\$2.1 million or 49.1% compared with approximately HK\$4.2 million for the corresponding period of 2022. There was government grants in 2022 of approximately HK\$3.1 million.

The administrative expenses of the Group for the Reporting Period amounted to approximately HK\$2.8 million, representing a decrease of approximately HK\$0.7 million or 20.6% compared with approximately HK\$3.6 million for the corresponding period of 2022. The decrease was mainly attributable to a reduction of staff cost of approximately HK\$0.3 million and depreciation of plant and equipment of approximately HK\$0.4 million in the Reporting Period.

For the Reporting Period, the Group recorded a net loss of approximately HK\$6.2 million, as compared to approximately HK\$16.4 million for the corresponding period in 2022. The decrease was mainly attributable to the decrease in gross loss as mentioned above.

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.

Liquidity, Financial Resources and Capital Resources

As at 30 September 2023, the Group had bank balances of approximately HK\$0.1 million (31 March 2023: approximately HK\$6.9 million). As at 30 September 2023, the amount of total interest-bearing borrowing of the Group was approximately HK\$4.4 million (31 March 2023: approximately HK\$3.3 million).

The gearing ratio is calculated based on the amount of total interest-bearing debts divided by total equity. As at 30 September 2023, the gearing ratios of the Group were (0.61) (31 March 2023: (3.64)).

Going Concern

The Directors are aware that the net liabilities, loss and operating cash outflow for the Period. More information is set out in note 2 to the Condensed Consolidated Financial Statements.

Pledge of Assets

As at 30 September 2023, the Group did not pledge any assets to secure any loans.

Foreign Exchange Risk

The Group mainly operates in Hong Kong and the 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 2023, the Group employed 83 staff (2022: 182 staff). Total staff costs including directors' emoluments for the Reporting Period, amounted to approximately HK\$22.4 million (2022: approximately HK\$33.6 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 2023, 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 2023, the Group did not make any capital commitments (31 March 2023: nil).

Contingent Liabilities

As at 30 September 2023, the Group did not have any significant contingent liabilities (31 March 2023: 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.

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.

The Board will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices 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.

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, Michael Ka Ming 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
Wang Feng
Chairman

Hong Kong, 28 November 2023

As at the date of this announcement, the Board comprises Mr. Wang Feng (Chairman) 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.