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CENTURY LEGEND (HOLDINGS) LIMITED

世 紀 建 業（集 團）有 限 公 司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00079)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

INTERIM RESULTS

The board of directors (the "Board") of Century Legend (Holdings) Limited (the "Company") is hereby to present the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2023. The unaudited consolidated results have been reviewed by the Audit Committee of the Company.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

		Six months ended 30 June	
		2023	2022
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	*5*	**25,425**	16,737
Cost of sales		**(14,579)**	(9,048)
Gross profit		**10,846**	7,689
Other income		**2,587**	3,002
Fair value loss on financial assets at fair value through profit or loss		**(10,773)**	(6,028)
Fair value loss on investment properties		**(4,700)**	–
Administrative expenses		**(14,968)**	(17,900)
Finance costs		**(5,232)**	(1,633)
Loss before income tax	*6*	**(22,240)**	(14,870)
Income tax expense	*7*	**–**	–
Loss for the period		**(22,240)**	(14,870)

* *For identification purpose only*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
For the six months ended 30 June 2023

		Six months ended 30 June	
		2023	2022
		(Unaudited)	(Unaudited)
	Note	***HK$'000***	*HK$'000*
Other comprehensive income			
Item that will not be reclassified subsequently to profit or loss			
Change in fair value of equity instruments at fair value through comprehensive income		**611**	618
Other comprehensive income for the period		**611**	618
Total comprehensive income for the period		**(21,629)**	(14,252)
Loss for the period attributable to:			
Owners of the Company		**(22,324)**	(14,848)
Non-controlling interests		**84**	(22)
		(22,240)	(14,870)
Total comprehensive income for the period attributable to:			
Owners of the Company		**(21,713)**	(14,230)
Non-controlling interests		**84**	(22)
		(21,629)	(14,252)
Loss per share attributable to the owners of the Company	*9*		
– Basic		**HK (6.85) cents**	HK (4.55) cents
– Diluted		**HK (6.85) cents**	HK (4.55) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	**As at 30 June 2023 (Unaudited)** ***HK$'000***	As at 31 December 2022 (Audited) *HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**230,077**	226,534
Investment properties		**123,500**	128,200
Intangible assets		**2,100**	2,100
Financial assets at fair value through other comprehensive income		**2,251**	5,007
Deferred tax assets		**449**	449
		358,377	362,290
Current assets			
Inventories		**77**	150
Financial assets at fair value through profit or loss		**52,450**	58,940
Trade and other receivables, deposits and prepayments	*10*	**11,019**	7,999
Amount due from non-controlling interest		**10**	10
Pledged bank deposits		**75,371**	86,248
Cash and bank balances		**9,304**	15,088
		148,231	168,435
Current liabilities			
Trade payables	*11*	**135**	328
Other payables and accruals		**6,319**	7,797
Amount due to shareholders		**15,189**	15,000
Contract liabilities		**160**	70
Lease liabilities		**6,954**	5,558
Bank borrowings (secured)		**199,207**	201,181
		227,964	229,934

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2023

	As at 30 June 2023 (Unaudited) ***HK$'000***	As at 31 December 2022 (Audited) *HK$'000*
Net current liabilities	**(79,733)**	(61,499)
Total assets less current liabilities	**278,644**	300,791
Non-current liabilities		
Lease liabilities	**5,152**	5,460
Bank borrowings (secured)	**7,500**	7,710
Deferred tax liabilities	**6,693**	6,693
	19,345	19,863
Net assets	**259,299**	280,928
EQUITY		
Share capital	**65,215**	65,215
Reserves	**193,720**	215,433
Equity attributable to the owners of the Company	**258,935**	280,648
Non-controlling interests	**364**	280
Total equity	**259,299**	280,928

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

1. GENERAL INFORMATION

Century Legend (Holdings) Limited (the "Company") was incorporated as an exempted company with limited liability in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited. The Company is principally engaged in investment holding. The principal activities of its subsidiaries are the property investments, operation of a hair salon under the brand name of "Headquarters", provision of hospitality services in Hong Kong, provision of property related project management service, provision of commercial and personal loans and securities investments.

The condensed consolidated financial statements are unaudited, but have been reviewed by the Audit Committee of the Company. The unaudited condensed consolidated financial statements were approved and authorised for issue by the directors on 29 August 2023.

2. BASIS OF PREPARATION

This unaudited condensed consolidated interim financial statements for the six months ended 30 June 2023 including the explanatory notes (the "Interim Financial information") have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with Hong Kong Accounting Standard 34 ("HKAS 34"), Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Interim Financial information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2022 (the "2022 Annual Financial Statements") which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The Interim Financial information for the six months ended 30 June 2023 have been prepared on the historical cost basis except for investment properties and certain financial instruments that are measured at fair values.

The Interim Financial information are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company.

3. CHANGES IN HKFRSs

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those set out in the Group's annual financial statements for the year ended 31 December 2022.

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs for the preparation of the Group's condensed consolidated financial statements.

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities Arising from a Single Transaction

The adoption of the above amendments to HKFRSs in the current period has no material effect on the amounts reported and/or disclosures set out in these unaudited condensed consolidated financial statements.

Other than the above mentioned amendments, the Group has not applied any new standards or interpretation that is not yet effective for the current accounting period.

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing this condensed consolidated interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2022 Annual Financial Statements.

5. REVENUE AND SEGMENT INFORMATION

The Group has identified its operating segments and prepared segment information based on the regular internal financial information reported to the Group's executive directors for their decisions about resources allocation to the Group's business components and review of these components' performance. The business components in the internal reporting to the executive directors who are the chief operating decision-makers are determined following the Group's major product and service lines. The Group is currently organised into the following six operating segments.

Hair styling	– Provision of hair styling and related services and product sales in Hong Kong
Hospitality services	– Provision of hospitality services in Hong Kong
Property investments	– Investing in commercial and residential properties for rental income potential and for potential capital appreciation in both Macau and Hong Kong
Securities investments	– Investing in listed equity securities in Hong Kong and equity-linked investments in Hong Kong
Property project management	– Provision of property related project management service
Money lending	– Provision of commercial and personal loans in Hong Kong

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(a) Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segments:

	Segment revenue		Segment results	
	Six months ended 30 June			
	2023	2022	**2023**	2022
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hair styling	**8,849**	6,650	**434**	72
Hospitality services	**13,505**	6,562	**1,532**	1,815
Property investments	**1,516**	1,983	**(7,478)**	(2,292)
Securities investments	**1,518**	1,540	**(9,252)**	(4,488)
Property project management	**–**	–	**11**	(54)
Money lending	**37**	2	**24**	(13)
	25,425	16,737	**(14,729)**	(4,960)
Unallocated other income			**1,555**	1,830
Exchange gain/(loss), net			**915**	(3,883)
Corporate staff costs			**(3,796)**	(4,333)
Other corporate and unallocated expenses			**(6,185)**	(3,524)
Loss before income tax			**(22,240)**	(14,870)

Revenue reported above represented revenue generated from external customers.

Segment results represents the profit earned/loss incurred by each segment without allocation of central administration costs. Segment results exclude certain bank interest income, dividend income from financial assets at fair value through other comprehensive income ("FVOCI") and net exchange gain/loss which arise from assets that are managed on a group basis. Segment results also exclude corporate staff costs and other corporate and unallocated expenses. This is the measure reported to executive directors for the purposes of resource allocation and assessment of segment performance.

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment assets and liabilities

	As at 30 June 2023 (Unaudited) *HK$'000*	As at 31 December 2022 (Audited) *HK$'000*
Segment assets		
Hair styling	**8,086**	10,129
Hospitality services	**226,962**	219,354
Property investments	**127,751**	133,151
Securities investments	**54,574**	58,953
Property project management	**16**	19
Money lending	**2,641**	2,157
Total segment assets	**420,030**	423,763
Deferred tax assets	**449**	449
Financial assets at FVOCI	**2,251**	5,007
Pledged bank deposits	**75,371**	86,248
Other corporate and unallocated assets	**8,507**	15,258
Consolidated total assets	**506,608**	530,725
Segment liabilities		
Hair styling	**7,315**	8,860
Hospitality services	**37,604**	34,120
Property investments	**13,040**	14,333
Property project management	**15**	30
Money lending	**10**	10
Total segment liabilities	**57,984**	57,353
Deferred tax liabilities	**6,693**	6,693
Bank borrowings	**163,915**	164,819
Other corporate and unallocated liabilities	**18,717**	20,932
Consolidated total liabilities	**247,309**	249,797

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than deferred tax assets, financial assets at FVOCI and pledged bank deposits which are managed on group basis and other corporate and unallocated assets; and

- all liabilities are allocated to reportable segments other than deferred tax liabilities and certain bank borrowings which are managed on group basis, and other corporate and unallocated liabilities.

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(c) Other segment information

	Interest income		Finance costs		Additions to specified non-current assets		Depreciation	
	Six months ended 30 June							
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Hair styling	**5**	–	**145**	23	**6**	42	**1,277**	1,335
Hospitality services	**2**	–	**1,005**	374	**8,014**	–	**2,804**	1,342
Property investments	**1**	–	**211**	132	**–**	–	**82**	85
	8	–	**1,361**	529	**8,020**	42	**4,163**	2,762
Unallocated	**1,353**	1,001	**3,871**	1,104	**9**	3	**257**	841
Total	**1,361**	1,001	**5,232**	1,633	**8,029**	45	**4,420**	3,603

(d) Geographical information

The geographical location of the specified non-current assets (i.e. non-current assets excluding financial assets and deferred tax assets) is based on the physical location of the assets. The geographical location of customers is based on the location at which the services were provided or the goods were delivered.

The following is an analysis of the carrying amount of the specified non-current assets and revenue from external customers, analysed by the geographical location.

	Specified non-current assets		Revenue from external customers	
	As at 30 June 2023	As at 31 December 2022	**Six months ended 30 June 2023**	2022
	(Unaudited)	(Audited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**275,434**	274,510	**24,543**	15,427
Macau	**80,243**	82,324	**882**	1,310
	355,677	356,834	**25,425**	16,737

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(e) Disaggregation of revenue

In the following table, revenue from contracts with customers is disaggregated by operating segments and timing of revenue recognition. Revenue from other sources are analysed in the table.

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue from contracts with customers		
Timing of revenue recognition – Over time		
Hair styling services	**8,575**	6,331
Hospitality services	**13,505**	6,562
Timing of revenue recognition – At a point in time		
Product sales under hair styling services	**274**	319
Revenue from other sources		
Rental income	**1,516**	1,983
Interest income from money lending	**37**	2
Securities Investments	**1,518**	1,540
	25,425	16,737

6. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging/(crediting) the following:

		Six months ended 30 June	
		2023	2022
		(Unaudited)	(Unaudited)
		HK$'000	*HK$'000*
(a)	Finance costs		
	Interest charges on bank loans	**4,787**	1,474
	Interest charges on lease liabilities	**445**	159
	Total finance costs recognised in profit or loss	**5,232**	1,633
(b)	Other items		
	Fair value loss on financial assets at fair value through profit or loss	**10,773**	6,028
	Depreciation	**4,420**	3,603

7. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group did not derive any assessable profit for the six months ended 30 June 2023 and 2022.

The Group has available tax losses as at 31 December 2022 for offsetting against future profits. No deferred tax assets have been recognised as the directors consider that it is uncertain that they will crystallize in the foreseeable future.

8. DIVIDENDS

The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

9. LOSS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

The calculation of basic loss per share attributable to the owners of the Company for the period is based on the loss attributable to the Company's owner of HK$22,324,000 (six months ended 30 June 2022: HK$14,848,000) and the weighted average of 326,077,423 (six months ended 30 June 2022: 326,077,423) shares in issue during the six-month period.

No adjustment has been made to basic loss per share as the outstanding share options had anti-dilutive effect on the basic loss per share for the period ended 30 June 2023 and 30 June 2022.

10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 June 2023 (Unaudited) *HK$'000*	31 December 2022 (Audited) *HK$'000*
Other receivables, deposits and prepayments	**11,019**	7,999
	11,019	7,999

In general, no credit period is granted for its customers due to the Group's business nature.

11. TRADE PAYABLES

As at 30 June 2023, the ageing analysis (based on invoice date) of the Group's trade payables is as follows:

	30 June 2023 (Unaudited) *HK$'000*	31 December 2022 (Audited) *HK$'000*
0-30 days	**86**	243
31-60 days	**17**	58
61-90 days	**–**	27
More than 90 days	**32**	–
	135	328

BUSINESS REVIEW

Overall Performance

In the post pandemic 1H2023 social restrictions against the pandemic crisis in various countries have been withdrawn and the social and economic activities of people have gradually returned normal lending support to economic recovery. However the global macro economy still faced various challenges and uncertainties. Negative spillover from Russian-Ukrainian war and China's slower than expected recovery from the pandemic impacted the economic stability and impeded the pace of recovery. Furthermore inflation rate and interest rate hikes had exceeded expectations in US and major European countries thereby impacted global consumption. Up till July this year, US Federal Reserve hiked interest four times for a total of 100 basis point bringing Federal funds rates up at 5.5%. Correspondingly interest rates in Hong Kong raised leading to higher lending rates. As a result, the Group's finance cost tripled the amount of the interim period last year. The high cost of money impacted negatively not only the local property market with unfavourable investment sentiment but also the financial markets with volatility and plunging stock prices where the Group incurred increased fair value loss on its securities investment this interim period compared with the corresponding period last year. USD was strong against most other currencies but the Group managed to capture the timing in April when RMB had relatively appreciated to convert its substantial bank deposits held in RMB into USD which would earn higher deposit interest rate than HKD. The conversion safeguarded the Group from the downside exchange risk given the strength of USD and via the currency peg strong HKD being the denominated currency in the Group's operations.

For the six months ended 30 June 2023, the Group recorded a turnover of HK$25,425,000, representing a increase of 52% from the corresponding period of last year (1H2022: HK$16,737,000). The increase was mainly attributed to increase in income from hospitality services and hair styling business, while the latter incurred income loss last year as hair salon for the first time was listed as scheduled premises with order to suspend operations by the HKSAR government to contain the pandemic during the epidemic upheaval in February 2022. Gross profit for the reporting period was HK$10,846,000 representing an increase of 41% from the corresponding period of last year (1H2022: HK$7,689,000). The increase was mainly due to increase in gross profit from hospitality services and hair styling business.

The Group delivered a net loss of HK$22,240,000, increased 50% from the corresponding period of last year (1H2022: loss of HK$14,870,000). The increase in net loss was mainly attributed to (i) increase in fair value loss of HK$4,745,000 on financial assets at fair value through profit or loss, (ii) fair value loss of HK$4,700,000 on investment properties instead of no change in fair value of investment properties in 1H2022 and (iii) increase in bank interest expenses of HK$3,599,000. Before fair value losses on financial assets at fair value through profit or loss and investment properties, the Group incurred loss of HK$6,767,000 for the interim period (1H2022: net loss of HK$8,842,000).

Property Investment Business

During the first half of 2023, our properties portfolio in Macau and Hong Kong contributed rental income of HK$1,516,000 to the Group decreased 24% compared to the same period last year. This was mainly attributed to vacancies of a Macau retail shop and one Taikoo Shing property after their respective leases expired. There was valuation loss of HK$4,700,000 on investment properties during the period under review. All investment properties are anticipated to serve as a stable income base to the Group.

During the reviewing period leasing momentum remained relatively soft due to the sluggish property market in both Hong Kong and Macau where the Group's investment properties are located. The Hong Kong economy has partially recovered but at a slower than expected rate as border controls and anti-pandemic measures were lifted in the beginning of the year. Entering Q2, the positive energy factors fuelling the Q1 surge in property market sentiment including the borders reopening and expectation that US interest rates would slow had dissipated and the investment market slowed with the rising local interest rates. Against such a backdrop of a sluggish property market, further fair value loss on investment properties from the year end was recorded as at interim period end. Some industry observer commented that Hong Kong's residential market is having "the longest price adjustment since 2008" and "has not found a bottom", in particular, the secondary housing properties amid high mortgage rate, a glut of unsold new units and the lack of Mainland Chinese buyers after the pandemic. Under the circumstances, the Group capitalized on an opportunity present in July to dispose a residential investment property that had been vacant since Q2 as the lease expired. In Macau the reopening of borders in the early part of the year buoyed the retail leasing market significantly. Nonetheless the interest rate hikes, weakening global economy and the slowing recovery in China will weigh on the Macau property market which is forecasted by Jones Lang LaSalle Macau to remain subdued in 2H2023. With the economy further revives, hopefully tenancies delivering a reasonable investment yield can be secured on the Group's vacant retail shop and office unit.

Hair Styling Business

For the first half of 2023, the Hair styling business segment reported a turnover of HK$8,849,000 representing an increase of 33% when compared to the corresponding period last year of which turnover on service income increased 36% and product sales decreased 14%. Segment net profit for the period is HK$434,000 increased by about sixfold from the corresponding period of last year (1H2022: HK$72,000) and a turnaround from loss of HK$226,000 to profit taking out the government subsidy received in the last interim period. The segment improvement was mainly attributable to increase in revenue during the period under review compared to the lower base of the same period last year when the epidemic situation was acute and the salon was listed for the first time as scheduled premises with government order to suspend operations. However the labour cost which increased by about 23% in between this and the last interim period partly offsetted the profit growth in the operations.

While the Hong Kong economy was on track towards recovery from the pandemic, labour shortage and rising labour cost remained a major challenge in this business segment being a labour intensive service industry. The management faced great difficulties in hiring juniors with high turnover rate due to various factors like competition for labour from peers or other business sectors, aging population, recent wave of mass emigration etc. This phenomenon is expected to persist in the near term and push up the operating cost as juniors are currently recruited to fill vacancies at 1.3 times and even more of the wages last year. Headquarters is an established brand in the hairdressing industry and the salon is located in a prime location in Central with easy accessibility. Over the years it has cultivated a premium and loyal clientele with high spending power. Moving forward, the Group will continue to leverage its business foundation and quality driven business model to strengthen our service capabilities as well as explore business opportunities in the peripheral sectors to diversify the segment's income stream.

Hospitality Service Business

For the period under review, turnover of the Hospitality Service business segment was HK$13,505,000 increased 106% compared to the corresponding period last year. The segment profit for the reviewing period was HK$1,532,000 representing a decrease of 16% over the corresponding period last year. The increase in turnover was mainly attributed to increase in revenue of the two existing guesthouses and hostels and a hotel with 22 rooms in Yau Ma Tei was added to our portfolio in January this year. Turnover of both Sheung Wan guesthouse and North Point hostel increased 54% and 50% respectively compared to the corresponding period last year. Average daily rate for Sheung Wan guesthouse and North Point hostel both increased 53% compared to the same period last year while maintaining the high occupancy rate of about 90%. The newly operated Yau Ma Tei hotel commanded higher room rate being unique in the market for its sizeable rooms fitted with a separate seating area and a kitchenette to target a niche in family travellers. Other than contributing to the segment revenue the overall average daily rate for the period under review increased 82% compared to the corresponding period last year. Decrease in segment profit was mainly attributed to the absence this interim period of government subsidies amounted to HK$764,000 received in the last interim period. Before the government subsidies of HK$764,000 for the corresponding period last year, the segment profit increased 45% in comparison despite that the Yau Ma Tei operation did not make positive contribution given it was still in the start up stage to put a team together and optimize the operation.

In 1H2023 the hotel sector experienced a strong recovery in terms of revenue, occupancy and average room rates compared to 1H2022 when Hong Kong was still negatively affected by travel/quarantine restrictions. The city has seen an influx of visitors, thanks to the major festivals like Lunar New Year, Labour Day Golden Week and mega art, musical, cultural and sporting events as well as a host of conferences, exhibitions and business gatherings held in Hong Kong. 13 million visitors were recorded in the first half year, less than half in the pre-COVID days, still gave the hotel sector a positive boost. While the renewed energy in the city's tourism industry continues to be felt in the hotel sector, bringing Hong Kong's hotel sector back to its 2018, pre-pandemic vigour may be a gradual process. Airline traffic takes a little longer time to return to full capacity and staff shortages will continue to keep the city's airport from operating at maximum level. Performances and operational numbers showed an upward trend since January 2023 in our hotel operations, however the momentum decelerated in Q2 as overall market demand lost steam. Under the continued "deepening" of the "Hello Hong Kong" campaign and more events planned for the year to attract more inbound travellers to Hong Kong, the focus will be on the hotel sector's ability to maintain and improve the momentum for the rest of the year. In view of the uncertainty of the global economy, to make sustainable growth in the business the Group will continue to operate within the constraints, revisit the market demand, pricing strategies and be ready to innovate and change and reinforce our strengths while seeking changes and make progress to recovery. The external environment is full of thorns. There is still a lot of work to be done for the Group to recoup the damage inflicted by the pandemic in the last three years since the Group redeveloped the hospitality business, but the window of opportunity is now more apparent.

Securities Investments Business

As at 30 June 2023, the Group had financial assets at fair value through profit or loss of approximately HK$52,450,000 comprising mainly stocks of a reputable Hong Kong based property investment company and other utilities blue chips. Interest income and dividend income derived from the segment amounted to HK$1,518,000 in aggregate were recorded in the period under review. Due to uncertainties in both regional and global economies in 1H2023, the capital market in Hong Kong remained sluggish. Hong Kong stocks wavered and slipped as investors turned bearish on China to reassess impact of China's stimulus measures to spur growth and as more analysts downgraded the nation's growth outlook and policy disappointment. Higher cost of money has traditionally had downward pressure on asset prices including securities. The Group recorded fair value loss on financial assets at fair value through profit or loss of HK$10,773,000 increased 79% compared to the corresponding period last year. We believe when the business environment in Hong Kong improves, prices of the securities investment will gradually reflect its intrinsic value. Meanwhile the ongoing geopolitical tensions and rising interest rate will continue to bring volatilities in the international financial market in the short run. In order to safeguard assets of the Group and consequential return to the shareholders, the Group will not rule out to make appropriate adjustments to the securities portfolio to invest more in short term as well as low risk investments in listed securities in Hong Kong.

The Group's significant investments (i.e. investment with carrying amount exceeding 5% of the total assets of the Group) held as at 30 June 2023 are as follows:

Company name/(stock code)	No. of shares held	Approximate percentage held to the total issued share capital of the company/ investment	Investment cost/cost of acquisition	Dividend income for the period ended 30 June 2023	Fair value loss for the period ended 30 June 2023	Fair value at 30 June 2023	Approximate percentage of total assets of the Group at 30 June 2023
		%	*HK$000*	*HK$000*	*HK$000*	*HK$000*	*%*
Link Real Estate Investment Trust (823)	846,117	0.033%	71,220	1,000	(9,829)	36,806	7.3%

Note 1: Link Real Estate Investment Trust is a Hong Kong-based real estate investment trust (REIT). The investment objectives of REIT are to deliver sustainable growth and to create long-term value for its unit holders. It invests in a portfolio of properties, including retail facilities, markets, car parks and offices in Hong Kong and tier-one cities in Mainland China, London and Sydney. Its investment properties include destination shopping centers in Hong Kong, community shopping centers in Hong Kong, office and shopping malls in Beijing, Shanghai, Guangzhou, Shenzhen, among others.

Note 2: During the period under review, the Group acquired 141,019 units by rights subscription.

Note 3: The Group will hold the investment for dividend income and to reduce the investment when the unit price increases to a reasonable level.

Property Project Management Business

During the period under review, no income was recorded as there was no project completed or in progress due to (i) renovation projects from new home buyers were not secured as the property market was sluggish and (ii) shortage of labour. Segment incurred a profit of HK$11,000 after the business administrative expenses.

As the economy further recovers, we strive to revive the business segment by collaborating with local renowned architect/interior designer to explore into new projects.

Other Business Segments

The Group engaged in the money lending business through Century Legend Finance Limited ("CLF"), an indirect wholly-owned subsidiary of the Company, which holds a money lenders license under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) to carry out money lending business in Hong Kong. During the six months ended 30 June 2023, the interest income and operating profit generated in this segment were HK$37,000 (2022: HK$2,000) and HK$24,000 (2022: segment loss HK$13,000), respectively.

The money lending business recorded four unsecured personal loans. During the period under review, CLF entered into three unsecured personal loans amounted to HK$2,540,000 in aggregate, of which one personal loan amounted to HK$2,000,000 was renewed as it fell due in the period under review. As of 30 June 2023 and year ended 31 December 2022, the Group had not incurred any impairment on the outstanding loans receivable.

Management had formulated a fundamental policy to establish its internal control systems. The Group would adopt a prudent approach and conduct regular reviews of the composition of the loan portfolio and lending rates charged to each customer to maximize the return of the money lending business as well as diversify the credit risk.

Corporate Social Responsibility

The Group is always firmly committed to operating as a socially-responsible company across all of its business operations. It has made strenuous effort to perform its obligations as a corporate citizen. It was honoured as a Caring Company by The Hong Kong Council of Social Services for 15 years in succession. It has also received various commendations including Good MPF Employer, Manpower Developer, Social Capital Builder, Hong Kong Green Organisation and Happy Company.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 30 June 2023, the Group had a cash and bank balance including pledged bank deposit of HK$84,675,000 and net current liabilities of HK$79,733,000. The current ratio (calculated as the current assets to the current liabilities) of the Group as at 30 June 2023 was approximately 0.65 (31 December 2022: 0.73).

The sales and purchase of the Group are mainly denominated in Hong Kong dollars. The time deposits are mainly in USD. The directors consider the Group's exposure to fluctuations in exchange rates was minimal with the USD to HKD currency peg.

During the period under review, the Group's certain investment properties and certain bank deposits were pledged to banks to secure the bank borrowing of approximately HK$206,707,000, which is denominated in Hong Kong dollars and bearing interest at floating rate. Neither the Company nor the Group had any significant contingent liabilities as at 30 June 2023 (31 December 2022: Nil). The Group had no significant capital commitments as at 30 June 2023 (31 December 2022: Nil). There was no material acquisition during the period under review.

Capital Structure of the Group

During the period under review, the Group had total equity of HK$259,299,000, fixed rate liability of HK$12,106,000, floating rate liability of HK$206,707,000 and interest-free liabilities of HK$28,496,000, representing 5%, 80% and 11% of the Group's total equity respectively. The gearing ratio (calculated as the total long term loan to the total shareholders' equity) of the Group as at 30 June 2023 was approximately 5% (31 December 2022: 5%).

Interim Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2023.

Employee and Remuneration Policy

For the period ended, the Group employed approximately a total of 48 employees (30 June 2022: 46) with staff costs excluding directors' emoluments amounted to HK$6,366,000 (30 June 2022: HK$5,973,000).

The Group's emoluments policies are formulated on the performance of individuals and are competitive to the market. Employee remuneration is reviewed and determined by management annually based on both employees' individual and Group's overall performance. Under the share option scheme of the Company, options may be granted to the directors and employees of the Group to subscribe for the shares of the Company.

PROSPECTS

In 1H2023, global economy has been recovering in a fragile environment where the economic outlook has improved amid a high level of uncertainties. The remaining year is still filled with macroeconomic challenges with high inflation, interest rate hikes, continued geopolitical tensions and increasing trend of deglobalization being the major risks hanging over a world economy that is still reeling from the pandemic. China reported GDP growth of 5.5% year on year in 1H2023 but a slower than expected expansion of 6.3% year on year in Q2 raising immediate concerns over its growth momentum. Being the world's second largest economy, China's stalling economic recovery as a result of the slowdown in global trade can have repercussions to impede the global economic growth rate. Recently the frequent high level interactions on various fields between China and US have brought positive expectations to the bilateral relationship. Against this backdrop, International Monetary Fund slightly raised the global forecast for 2023 from 2.8% to 3% in the World Economic Outlook published in July indicating overall economic growth remained weak and China was expected to become a key driver of the global economic growth.

The Group's core businesses operate in Hong Kong and Macau. In the 1H2023, Hong Kong had shown signs of recovery from its 2020 lows driven mainly by recovery of tourism along with local spending as border control and anti-pandemic measures were lifted. Boosted by tourism with the number of visitors rose to almost 13 million, retail sales recorded 19.6% rise in June compared with June last year. Nevertheless the growth momentum had slowed in Q2 to 1.5% year on year versus 2.9% in Q1 partly attributed to the sustained high interest rates and the weak exports which continued to plummet as external demand for goods remained weak. A government spokesman stated that inbound tourism and private consumption will remain the major drivers of economic growth for the year while Financial Secretary, Mr Paul Chan warned that challenges from new consumption habits of tourists and locals would require "special and creative" solutions of businesses to improve their competitiveness. Similarly in Macau, during the reviewing period the tourism industry played a significant role in its economic recovery. Macau Government Tourism office expects the city could reach 20 million visitors this year based on a year on year growth of over 150% in Q1 whereas gaming revenue saw an astounding year on year growth of 300%. The renewed gaming licences came into effect on 1 January 2023 and with the new concessionaries' commitment to invest 18.8 billion patacas (about US $14.8 billion) amongst them within the coming 10 years into developing non gaming projects and exploring overseas markets outside China, Hong Kong and Taiwan will accelerate Macau's growth this year and in future. International Monetary Fund expects Macau's economy to grow as much as 58.9% in 2023. Looking ahead, the Group will continue to explore market opportunities and execute its business strategies in response to changes of external environment whilst adopting a prudent approach to cost control and risk management.

Tourism has rebounded across Asia after the pandemic and with the strenuous effort to promote Hong Kong, the Group is cautiously optimistic towards its operation in the hospitality business amidst positive growth prospects ahead. We will not lose sight of the headwinds the tourism industry still faces on the road to recovery including (i) industry manpower and flight capacity taking time to recover (ii) intense regional competition for tourists and (iii) strong HKD given the currency peg to USD may have in turn increased cost of visiting Hong Kong. Despite the challenges present, we also see positive factors that may expedite the revival of tourism in Hong Kong. Other than having a unique appeal especially in the areas of culture, arts and nature, Hong Kong can be developed into a East meets West centre for international cultural exchange. With the proximity to Mainland China, Hong Kong tourism can benefit from the support of national policies to promote development of multi-destination tourism in the Greater Bay Area and grasp the advantage of culture and tourism integration to enrich the contents of Hong Kong's tourism resources through arts and culture. Hong Kong Tourism Board will continue to strengthen Hong Kong's position as "Event Capital of Asia" with upcoming events such as "Hong Kong Cyclothon", "Hong Kong Wine & Dine Festival" and "Hong Kong Winterfest" all scheduled in Q4 of the year. Visitors from short haul market such as China and South East Asia which is the visitor source market in our hospitality business will first return in the initial stage. Overall growth will pick up in 2H2023 because apart from essential travel such as visiting family/relatives and business trip, number of leisure visitors is expected to grow as well.

The high capital cost in Hong Kong due to the Federal rate increase has created economic pressure on the Group's business development. Looking ahead, as the US economy is still in interest rate hike cycle the increasingly high interest charges will inevitably continue to weigh on the Group's overall financial results overshadowing improvements in our business operations as we forge ahead.

EVENTS AFTER THE REPORTING PERIOD

The Group entered into agreement to dispose an indirect wholly-owned subsidiary holding an investment property in Taikoo Shing at a consideration of HK$8,300,000. The disposal is expected to record a loss of HK$965,000, which is calculated based on the consideration to be received on the disposal less the net asset value of the subsidiary being disposed as at 30 June 2023 and its shareholder's current account owed to the Group as at 30 June 2023 assigned to the purchaser as a result of the disposal. The Group intends to apply the net proceeds from the disposal as the Group's general working capital and funding in developing the Group's existing business such as hair styling business and hospitality business as well as financing new projects relating to the hospitality business if the appropriate investment opportunities arise. The transaction is expected to be completed on 31 August 2023.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

CORPORATE GOVERNANCE

Compliance with the Code of Best Practice of the Listing rules

The Company has complied with the Code on Corporate Governance Practices (the "Code") in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") during the period under review, save for the deviations set out below.

Under code provision C.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. As at 30 June 2023, Mr. TSANG Chiu Mo Samuel is the Executive Chairman of the Company and no Chief Executive Officer has been appointed. The responsibilities of Chief Executive Officer have been carried out by Mr. TSANG Chiu Mo Samuel. The Board believes that it is in the best interest of the Company and the shareholders as a whole for Mr. TSANG Chiu Mo Samuel, who is knowledgeable in the business of the Group and possesses the essential leadership skills to guide discussions of the Board in an effective manner, to continue to carry out the responsibilities of Chief Executive Officer, which ensures on the effectiveness and efficiency of the decision making process of the Board.

Under code provision C.1.6, independent non-executive directors should also attend general meetings and develop a balanced understanding of the views of shareholders. Mr. HUI Yan Kit and Mr. WU BinQuan (being independent non-executive directors) were unable to attend the annual general meeting held on 2 June 2023 due to other business engagements. At the same time under code provision F.2.2, the chairman should attend the annual general meeting but Mr. TSANG Chiu Mo Samuel was also unable to attend the annual general meeting held on 2 June 2023 due to some personal unforeseeable situation.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed risk management, internal controls and financial reporting matters including a review of the unaudited condensed financial statements for the six months ended 30 June 2023 with the directors.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2023.

PUBLICATION OF THE UNAUDITED INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (https://www.hkexnews.hk) and the Company (http://www.clh.com.hk). The interim report of the Company for the period ended 30 June 2023 will be dispatched to the shareholders of the Company and will be available on the aforesaid websites in due course.

By Order of the Board
Century Legend (Holdings) Limited
CHU MING TAK EVANS TANIA
Executive Director

Hong Kong, 29 August 2023

As at the date hereof, the board of directors of the Company comprises of seven directors, of which three are executive directors, namely Mr. Tsang Chiu Mo Samuel, Ms. Tsang Chiu Yuen Sylvia and Ms. Chu Ming Tak Evans Tania; and four are independent non-executive directors, namely Mr. Hui Yan Kit, Mr. Lau Pui Wing, Ms. Ho Ting Mei and Mr. Wu BinQuan.