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*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00079)**

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2019**

**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 2019. 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 2019*

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2019</b> <b>(Unaudited)</b> <i>HK\$'000</i>	<b>2018</b> <b>(Unaudited)</b> <b>(Re-presented)</b> <i>HK\$'000</i>
<b>Revenue</b>	5	<b>13,623</b>	13,819
Cost of sales		<b>(4,536)</b>	(4,505)
<b>Gross profit</b>		<b>9,087</b>	9,314
Other income		<b>2,818</b>	4,420
Fair value gain on financial assets at fair value through profit or loss		<b>266</b>	190
Fair value gain on investment properties		<b>10,000</b>	7,163
Gain on disposal of an investment property		<b>800</b>	–
Administrative expenses		<b>(19,436)</b>	(15,590)
Finance costs		<b>(3,234)</b>	(2,624)
<b>Profit before income tax</b>	6	<b>301</b>	2,873
Income tax expense	7	<b>(216)</b>	–
<b>Profit for the period</b>		<b>85</b>	2,873

\* For identification purposes only

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**(Continued)**

*For the six months ended 30 June 2019*

		<b>Six months ended 30 June</b>	
		<b>2019</b>	2018
		<b>(Unaudited)</b>	(Unaudited)
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Other comprehensive income</b>			
<i>Item that will not be reclassified subsequently to profit or loss</i>			
Gain on disposal of available-for-sale financial assets		–	610
Change in fair value of equity instrument at fair value through comprehensive income		<b>1,362</b>	(897)
Release upon disposal of available-for-sale financial assets		–	(380)
		<hr/>	<hr/>
<b>Other comprehensive income for the period</b>		<b>1,362</b>	(667)
		<hr/>	<hr/>
<b>Total comprehensive income for the period</b>		<b>1,447</b>	2,206
		<hr/>	<hr/>
<b>Profit for the period attributable to:</b>			
Owners of the Company		<b>884</b>	2,758
Non-controlling interests		<b>(799)</b>	115
		<hr/>	<hr/>
		<b>85</b>	2,873
		<hr/>	<hr/>
<b>Total comprehensive income for the period attributable to:</b>			
Owners of the Company		<b>2,246</b>	2,091
Non-controlling interests		<b>(799)</b>	115
		<hr/>	<hr/>
		<b>1,447</b>	2,206
		<hr/>	<hr/>
<b>Earnings per share attributable to the owners of the Company</b>			
– Basic	9	<b>HK 0.28 cents</b>	HK 0.89 cents
		<hr/>	<hr/>
– Diluted		<b>HK 0.28 cents</b>	HK 0.81 cents
		<hr/>	<hr/>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

		As at 30 June 2019 (Unaudited) HK\$'000	As at 31 December 2018 (Audited) HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		4,503	2,435
Investment properties		347,700	353,700
Prepaid land lease payments		3,269	3,331
Financial assets at fair value through other comprehensive income		13,386	14,378
Right-of-use assets		9,491	–
		378,349	373,844
<b>Current assets</b>			
Inventories		55	70
Prepaid land lease payments		123	123
Financial assets at fair value through profit or loss		73,477	5,439
Trade and other receivables and prepayments	10	4,264	3,893
Amount due from an associate company		9	–
Tax recoverable		32	32
Pledged bank deposits		81,801	80,382
Cash and bank balances		60,631	123,408
		220,392	213,347
<b>Current liabilities</b>			
Trade payables	11	81	144
Other payables and accruals		6,576	12,390
Obligations under finance leases		232	288
Bank borrowings (secured)		198,011	196,364
Lease liabilities		4,328	–
		209,228	209,186

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)***As at 30 June 2019*

	As at <b>30 June 2019</b> (Unaudited) <i>HK\$'000</i>	As at 31 December 2018 (Audited) <i>HK\$'000</i>
<b>Net current assets</b>	<u>11,164</u>	<u>4,161</u>
<b>Total assets less current liabilities</b>	<u>389,513</u>	<u>378,005</u>
<b>Non-current liabilities</b>		
Obligations under finance leases	29	117
Bank borrowings (secured)	9,199	9,403
Deferred tax liabilities	3,559	3,343
Lease liabilities	<u>5,062</u>	<u>–</u>
	<u>17,849</u>	<u>12,863</u>
<b>Net assets</b>	<u><b>371,664</b></u>	<u><b>365,142</b></u>
<b>EQUITY</b>		
Share capital	65,215	61,941
Reserves	<u>302,862</u>	<u>298,815</u>
Equity attributable to the owners of the Company	<b>368,077</b>	360,756
Non-controlling interests	<u>3,587</u>	<u>4,386</u>
<b>Total equity</b>	<u><b>371,664</b></u>	<u><b>365,142</b></u>

## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

*For the six months ended 30 June 2019*

### **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 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 2019.

### **2. BASIS OF PREPARATION**

This unaudited condensed consolidated interim financial statements for the six months ended 30 June 2019 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 2018 (the “2018 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 2019 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 2019 are the same as those set out in the Group's annual financial statements for the year ended 31 December 2018.

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

HKFRS 16	Leases
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3 Business Combinations; HKAS 12 Income Taxes; and HKAS 23 Borrowing Costs

Other than as explained below regarding the impact of HKFRS 16 Leases, the new and revised standards are not relevant to the preparation of the Group's interim condensed consolidated financial statements. The nature and impact of the new and revised HKFRSs are described below:

HKFRS 16 replaces HKAS 17 Leases. HK(IFRIC)-Int 4 determining whether an arrangement contains a Lease. HK(SIC)-Int 15 Operating Leases – Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard set out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under HKAS 17. Since the Group recognized the right-of-use assets at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments there was no impact to the retained earnings.

#### **New definition of a lease**

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified assets for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified a leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

### 3. CHANGES IN HKFRSs (Continued)

#### As a lessee – Leases previously classified as operating leases

##### *Nature of the effect of adoption of HKFRS 16*

The Group has lease contracts for various items of property and equipment. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognize and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group elected not to recognize right-of-use assets and lease liabilities for (i) leases of low-value assets; and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognizes the lease payments associated with those as an expense on a straight-line basis over the lease term.

##### *Impacts on transition*

Lease liabilities at 1 January 2019 were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognized in the statement of financial position immediately before 1 January 2019.

The impacts arising from the adoption of HKFRS 16 as at 1 January 2019 are as follows:

	<b>Increase</b> <i>HK\$'000</i> (Unaudited)
<b>Assets</b>	
Increase in right-of-use assets	4,120
Increase in total assets	<u>4,120</u>
<b>Liabilities</b>	
Increase in lease liabilities	4,120
Increase in total liabilities	<u>4,120</u>

### 3. CHANGES IN HKFRSs (Continued)

#### As a lessee – Leases previously classified as operating leases (Continued)

##### *Impacts on transition (Continued)*

The reconciliation of operating lease commitment to lease liabilities as at 1 January 2019 is set out below:

	<i>HK\$'000</i> (Unaudited)
Operating lease commitment as at 31 December 2018	4,301
Weighted average incremental borrowing rate as at 1 January 2019	<u>5.8%</u>
Lease liabilities/discounted operating lease commitments as at 1 January 2019	<u>4,120</u>

#### **Summary of new accounting policies**

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of HKFRS 16 from 1 January 2019:

##### *Right-of-use assets*

Right-of-use assets are recognized at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term. When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for investment properties.

##### *Lease liabilities*

Lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonable certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.



### 3. CHANGES IN HKFRSs (Continued)

#### Summary of new accounting policies (Continued)

##### *Lease liabilities (Continued)*

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in substance fixed lease payments or a change in assessment to purchase the underlying asset.

### 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 2018 Annual Financial Statements, except for new significant judgements and key sources of estimation uncertainty related to the application of HKFRS 16 as described in note 3.

### 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 organized into the following four operating segments.

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

During the period under review, the Group increased trading in securities and investment in equity-linked investments in order to broaden the revenue base and yield enhancement.

## 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 profit/(loss)	
	Six months ended 30 June			
	2019	2018	2019	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	(Re-presented)		(Re-presented)	
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Property investments	4,772	5,256	7,021	5,008
Hair styling	8,637	8,531	(1,785)	397
Money lending	–	–	(17)	(20)
Securities investments	214	32	480	222
	<u>13,623</u>	<u>13,819</u>	<u>5,699</u>	<u>5,607</u>
Unallocated other income			1,731	2,374
Exchange losses, net			(701)	(848)
Corporate staff costs			(3,879)	(2,212)
Other corporate and unallocated expenses			<u>(2,549)</u>	<u>(2,048)</u>
Profit before income tax			<u>301</u>	<u>2,873</u>

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 on financial assets at fair value through other comprehensive income and exchange losses, net, which arise from assets which 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 <b>30 June</b> <b>2019</b> (Unaudited) <i>HK\$'000</i>	As at 31 December 2018 (Audited) (Re-presented) <i>HK\$'000</i>
<b>Segment assets</b>		
Property investments	365,439	364,139
Hair styling	13,171	3,483
Money lending	40	123
Securities investments	73,477	5,439
	<hr/>	<hr/>
Total segment assets	452,127	373,184
Financial assets at fair value through other comprehensive income	13,386	14,378
Pledged bank deposits	81,801	80,382
Short-term bank deposits	–	111,980
Other corporate and unallocated assets	51,427	7,267
	<hr/>	<hr/>
Consolidated total assets	<b>598,741</b>	<b>587,191</b>
<b>Segment liabilities</b>		
Property investments	55,585	62,093
Hair styling	9,066	1,638
Money lending	14	16
	<hr/>	<hr/>
Total segment liabilities	64,665	63,747
Deferred tax liabilities	3,559	3,343
Bank borrowings	155,381	153,404
Other corporate and unallocated liabilities	3,472	1,555
	<hr/>	<hr/>
Consolidated total liabilities	<b>227,077</b>	<b>222,049</b>

## 5. REVENUE AND SEGMENT INFORMATION (Continued)

### (b) Segment assets and liabilities (Continued)

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

- all assets are allocated to reportable segments other than financial assets at fair value through other comprehensive income, pledged bank deposits and certain 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.

### (c) Other segment information

	Interest income	Fair value gain on investment properties	Fair value gain on financial assets at fair value through profit or loss	Finance costs	Additions to specified non-current assets	Depreciation and amortisation
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Property investments	857	10,000	–	2,935	–	107
Hair styling	–	–	–	182	2,464	2,055
Money lending	–	–	–	–	–	–
Securities investments	172	–	266	–	–	–
	<u>1,029</u>	<u>10,000</u>	<u>266</u>	<u>3,117</u>	<u>2,464</u>	<u>2,162</u>
Unallocated	1,289	–	–	117	11	989
	<u>2,318</u>	<u>10,000</u>	<u>266</u>	<u>3,234</u>	<u>2,475</u>	<u>3,151</u>

	Interest income	Fair value gain on investment properties	Fair value gain on financial assets at fair value through profit or loss	Finance costs	Additions to specified non-current assets	Depreciation and amortisation
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Property investments	1,956	7,163	–	2,605	18,537	108
Hair styling	21	–	–	–	2	60
Money lending	–	–	–	–	–	–
Securities investments	–	–	190	–	–	–
	<u>1,977</u>	<u>7,163</u>	<u>190</u>	<u>2,605</u>	<u>18,539</u>	<u>168</u>
Unallocated	1,901	–	–	19	1	202
	<u>3,878</u>	<u>7,163</u>	<u>190</u>	<u>2,624</u>	<u>18,540</u>	<u>370</u>

## 5. REVENUE AND SEGMENT INFORMATION (Continued)

### (d) Geographical information

The geographical location of the specified non-current assets (i.e. non-current assets excluding financial assets and right-of-use 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 2019 (Unaudited) <i>HK\$'000</i>	As at 31 December 2018 (Audited) <i>HK\$'000</i>	Six months ended 30 June 2019 (Unaudited) <i>HK\$'000</i>	2018 (Unaudited) (Re-presented) <i>HK\$'000</i>
Hong Kong (domicile)	269,062	274,771	12,371	11,772
Macau	86,410	84,695	1,252	2,047
	<u>355,472</u>	<u>359,466</u>	<u>13,623</u>	<u>13,819</u>

### (e) Disaggregation of revenue

In the following table, revenue under HKFRS 15 is disaggregated by primary geographical market, operating segments and timing of revenue recognition.

	Hair styling	
	Six months ended 30 June 2019 (Unaudited) <i>HK\$'000</i>	2018 (Unaudited) <i>HK\$'000</i>
Timing of revenue recognition		
<i>Hong Kong (domicile)</i>		
At a point in time	8,637	8,531
Transferred over time	—	—
	<u>8,637</u>	<u>8,531</u>

## 6. PROFIT BEFORE INCOME TAX

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

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
(a) Finance costs		
Interest on borrowings	2,955	2,605
Other finance costs	279	19
	<hr/>	<hr/>
Total finance costs recognised in profit or loss	<b>3,234</b>	<b>2,624</b>
(b) Other items		
Fair value gain on financial assets at fair value through profit or loss	(266)	(190)
Depreciation and amortisation	3,151	370
	<hr/>	<hr/>

## 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 2019 and 2018.

The Group has available tax losses as at 31 December 2018 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.

Pursuant to the tax rules and regulations of Macau, the subsidiaries in Macau are liable to Macau Profits Tax at the rate of 12% for the six months ended 30 June 2019. No provision for Macau profits tax has been made for the six months ended 30 June 2018.

## 8. DIVIDENDS

The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

## 9. EARNINGS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

The calculation of basic earnings per share attributable to the owners of the Company for the period is based on the profit attributable to the Company's owner of HK\$884,000 (six months ended 30 June 2018: HK\$2,758,000) and the weighted average of 314,047,297 (six months ended 30 June 2018: 309,705,597) shares in issue during the six-month period.

For the six months ended 30 June 2019, diluted earnings per share is same as basic earnings per share because the impact of the exercise of the share option was anti-dilutive.

For the six months ended 30 June 2018, the calculation of diluted earnings per share is based on the profit attributable to the equity shareholders of HK\$2,758,000 and the weighted average number of 339,980,250 ordinary shares after adjusting for the effects of all dilutive potential ordinary shares under the Company's share option scheme.

#### 10. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	<b>30 June 2019 (Unaudited) HK\$'000</b>	31 December 2018 (Audited) HK\$'000
Trade receivables	489	188
Other receivables, deposits and prepayments	<u>3,775</u>	<u>3,705</u>
	<b><u>4,264</u></b>	<b><u>3,893</u></b>

The majority of the Group's revenue is on cash basis. The remaining balances of revenue are on credit terms of thirty-sixty days. At 30 June 2019, the ageing analysis of the trade receivables is as follows:

	<b>30 June 2019 (Unaudited) HK\$'000</b>	31 December 2018 (Audited) HK\$'000
0-30 days	489	162
31-60 days	–	16
61-90 days	<u>–</u>	<u>10</u>
	<b><u>489</u></b>	<b><u>188</u></b>

#### 11. TRADE PAYABLES

As at 30 June 2019, the ageing analysis (based on invoice date) of the Group's trade payables is as follows:

	<b>30 June 2019 (Unaudited) HK\$'000</b>	31 December 2018 (Audited) HK\$'000
0-30 days	47	85
31-60 days	<u>34</u>	<u>59</u>
	<b><u>81</u></b>	<b><u>144</u></b>

## **BUSINESS REVIEW AND PROSPECTS**

### **Overall Performance**

For the six months ended 30 June 2019, the Group recorded a turnover of HK\$13,623,000, representing a decrease of 1.4% from the corresponding period of last year (1H2018: HK\$13,819,000). Gross profit for the period under review was HK\$9,087,000 representing a decrease of 2.4% from the corresponding period of last year. (1H2018: HK\$9,314,000).

The Group delivered a net profit of HK\$85,000, compared to a net profit of HK\$2,873,000 in the corresponding period of last year. The decrease was mainly attributed to reduction in bank deposit interest income, one-off expenses incurred including cost on switching banking facilities to another bank, professional fee on disposal of investment properties and leasing of new salon to operate our hair styling business, reinstatement cost on handover of old salon to landlord and duplicate rental expense in both new and old salon during the renovation and reinstatement period. There is valuation gain of HK\$10,000,000 on investment properties for the period under review compared to HK\$7,163,000 for the same period last year. Before the unrealized exchange loss, valuation gain on investment properties, profit on disposal of investment property, fair value gain on financial assets, and one-off expenses, the Group incurred loss of HK\$7,490,000 versus net loss of HK\$4,242,000 the same period last year.

### **Property Investment Business**

During the first half of 2019, our properties portfolio in Macau and Hong Kong contributed rental income of HK\$4,772,000 to the Group decreased 9.2% compared to the same period last year. Rental income from Macau investment properties dropped as the retail shop was only leased out in the second quarter of the year after being vacant for nine months since July 2018 compared to full occupancy in the corresponding period last year not to mention the new rental rate was substantially reduced by 56%. As in Hong Kong, the residential tenancy had been renewed at rental rate up 9.3% while tenancy renewal option of the boutique hotel was exercised at 25% increased rental commencing in April. The income drop in this business segment would be reduced if the increased rental had been effected for the entire interim period. Valuation gain of HK\$10,000,000 on investment properties for the reviewing period mainly derived from our en bloc commercial building in Hong Kong. During the interim period, the Group disposed a residential property in Hong Kong with profit of HK\$800,000 over its market valuation as at 31 December 2018. All investment properties are anticipated to serve as a stable income base to the Group.



The core business of the Group focuses on property investment in Hong Kong and Macau where our properties portfolio comprises residential and commercial including a boutique hotel, retail shop and offices. Other than leasing income, the valuation gain/loss of our investment properties would impact the Group's financial results. Value of properties may fluctuate according to property market trends and affected by the macro economic environment, local investment sentiment and relevant measures implemented by the Macau/Hong Kong government in an attempt to regulate the property market as necessary. Impacted by the latest social movements in Hong Kong, the local property market will inevitably undergo some adjustments and consolidation, both in property prices and transactions volume. Nevertheless, given the strong underlying demand for different kinds of properties and the start of a downward interest rate trend signaled by the recent 0.25% cut interest rates by US Federal Reserve, which together should be beneficial to the local property market. The Group anticipates that most enterprises will maintain a wait and see view towards major business decisions in the latter half of the year. The Group will closely monitor the market situation and respond as appropriate.

### **Hair Styling Business**

Hair styling business continues to be a stable contributor to the revenue of the Group. For the first half of 2019, the Hair styling business segment reported a turnover of HK\$8,637,000 representing an increase of 1.2% when compared to the corresponding period last year. Segment net loss for the period is HK\$1,785,000 compared to net profit of HK\$397,000 for the same period in 2018. The salon was relocated in late April this year to a modern iconic business building in Central as the old salon tenancy expired after twelve years' occupancy and practicably had its internal décor and furniture and fixtures worn out. Segment loss was incurred from extraordinary expenditure on the reinstatement cost of yielding up the old salon to landlord, duplicate rental expense payment in both old and new locations during the renovation period, removal cost and professional estate agency fee on leasing the new salon coupled with the increase in amortization on right-of-use assets and interest expenses under the new HKFRS 16 that has become effective 1 January 2019 and therefore first applied in the current interim period.

The rationale behind salon relocation is an endeavor to boost service income and strengthen the brand of Headquarters for its continuity by delivering old customers a brand new image and experience of quality service in the stylish amenities, soliciting new, in particular, walk in customers as the new location gives wider customer exposure being located in a premier retail complex in the heart of Hong Kong's most prestigious district and also attracting young famed talents to join its creative team. As profitability is expected to be temporarily undermined by the capital investment in the new salon and to keep our competitive edge, management team will strive to enhance its operational efficiency and cost structure as well as explore new service and marketing strategies.

### **Securities investments**

As at 30 June 2019, the Group had financial assets at fair value through profit or loss of approximately HK\$73,477,000 (30 June 2018: HK\$5,439,000). The investment portfolio comprised of blue chip Hong Kong listed equity securities and equity-linked investments being fixed coupon equity linked notes linked to blue chip Hong Kong listed equity securities. These investments are denominated in both Hong Kong dollars and Renminbi. During the period under review, fair value net gain of HK\$266,000 was recorded. Interest income and dividend income from such investments amounted to HK\$214,000 in the reviewing period.

The Group has had for many years maintained a securities investment portfolio for treasury measurement. In the second quarter of the year, the Group started to explore for yield enhancement investment products and entered into transactions with banks on fixed coupon equity linked notes that offered high yield short term interest income. The Group's investment strategy is to invest in quality investment products with attractive yield, good liquidity and issuers from reputable entities so as to maintain a healthy financial status and a flexible capital structure to seize every good investment opportunity that may arise from time to time. No investments are made for speculation purpose.

### **Other Business Segments**

Money lending business segment did not contribute any revenue during the period under review. Going forward, the Group will as always cautiously monitor credit risk when making out new loans to selected customers.

### **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 11 years in succession. It also has received other various commendations including ERB Manpower Developer, Good MPF Employer, Family Friendly Employer, Business for Sustainability Award, Hong Kong Green Organisation and Social Capital Builder and The Hong Kong Outstanding Corporate Citizenship Logo in the respective categories of SME and Volunteer.

## Prospects

Global economy has been overshadowed by the US-China trade negotiations, Brexit and geopolitical tensions in the first half of 2019. A wider economic slowdown is expected in the remaining year amid China's intensifying trade war with US recently without vision that the disputes can be resolved in the short term. To weather through the crisis China is expected to place further efforts to invigorate its domestic markets and boost its internal economic drivers as well as to implement different measures to stimulate the economy. Meanwhile the Brexit issues remain unresolved and the development and the impact arising therefrom are difficult to forecast. In light of all these lingering uncertainties and the current increasingly unfavorable external environment, global economic growth will decrease to a lower than expected 2.6% in 2019 before inching up to 2.7% in 2020 according to The World Bank's Global Economic Prospects issued in June.

On the local front, the once proposed extradition bill has sparked a series of protests and demonstrations since June earlier and which has turned tense and resulted in the society's instability. Other than the social unrest, Hong Kong is beginning to feel hit with the economic cost of the protest chaos as disruption risks drive away local shoppers and deter tourists. As multiple demonstrations took place in various office and retail districts across the city, retailers reported substantial drop in sales which may bring challenges to our retail properties in the short term with tenants requesting rental concessions during this difficult time.

In the Group's efforts to maintain competitiveness, looking ahead the Group will explore opportunities to diversify its business beyond the hair styling business and property investments. When evaluating the potential projects arised, the Group will weigh in favour of those which can integrate vertically or horizontally with our existing business activities, for instances, property development or refurbishment, property management say in the hospitality sector as well as property related project management. As for our long established hair styling business under Headquarters, the relocation and launching of its flagship store in the prime area of Central is a strategic move to showcase our brand name and capabilities for any future viable opportunities to tap into the hair styling business in the Greater Bay Area through franchises. The management also intends to transform its business focus from its traditionally "service oriented" to "service driven and product oriented" by creating and retailing our own brand of hair care and styling products as well as other third party products. Product sales not only will allow our service team to deliver alternate and value-added services to the customers but also fuel the growth momentum in this business segment.

In any event, 2019 will be a challenging year for the Group and for each material potential investment, feasibility study will be carried out before decision making whilst adopting a prudent approach with focus on long term prospect instead of short term prospect.

## **FINANCIAL REVIEW**

### **Liquidity and Financial Resources**

As at 30 June 2019, the Group had a cash and bank balance including pledged bank deposit of HK\$142,432,000 and net current assets of HK\$11,164,000. The current ratio (calculated as the current assets to the current liabilities) of the Group as at 30 June 2019 was approximately 1.05 (31 December 2018: 1.02). The Group maintained a reasonable level of working capital position during the reviewing period.

The sales and purchase of the Group are mainly denominated in Hong Kong dollars. The Group has significant portion of RMB cash and bank deposit which is exposed to the RMB exchange rate fluctuation in view of the recent RMB exchange rate fluctuation. The Directors consider that in long run the RMB exchange rate will be stable. Other than this the Group's exposure to fluctuations in exchange rates was minimal.

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\$207,210,000, 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 2019 (31 December 2018: Nil). The Group had no significant capital commitments as at 30 June 2019 (31 December 2018: Nil). There were no material acquisitions and disposals during the period under review other than one residential investment property was disposed at HK\$16,800,000. There is a profit on disposal of HK\$800,000 over its market valuation as of 31st December 2018.

### **Capital Structure of the Group**

During the period under review, the Group had total equity of HK\$371,664,000, HK\$9,651,000 fixed rate liability, HK\$207,210,000 floating rate liability and HK\$10,216,000 interest-free liabilities, representing 2.6%, 55.8% and 2.7% 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 2019 was approximately 2.5% (31 December 2018: 2.6%).

## **Interim Dividend**

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2019.

## **EMPLOYEE AND REMUNERATION POLICY**

For the period ended, the Group employed approximately a total of 40 employees (30 June 2018: 38) with staff costs excluding directors' emoluments amounted to HK\$5,247,000 (30 June 2018: HK\$4,357,000).

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.

## **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 Listing Rules during the period under review, save for the deviations set out below.

As at 30 June 2019, 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.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed with management of the Company 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 2019 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 2019.

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

Hong Kong, 29 August 2019

*As at the date hereof, the board of directors of the Company comprises of six 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 three are independent non-executive directors, namely Mr. Hui Yan Kit, Mr. Au Chi Wai Edward and Mr. Lau Pui Wing.*