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(Incorporated in Bermuda with limited liability)

(Stock Code: 00079)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

The board of directors (the “**Board**”) of Century Legend (Holdings) Limited (the “**Company**”) announce the consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2021 together with the comparative figures for the year ended 31 December 2020 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue	3	36,492	35,348
Cost of revenue		<u>(23,700)</u>	<u>(23,092)</u>
Gross profit		12,792	12,256
Other income	4	7,212	11,426
Fair value gain/(loss) on financial assets at fair value through profit or loss		122	(12,813)
Fair value gain on investment properties		900	–
Administrative expenses		(29,136)	(28,898)
Impairment loss on right-of-use assets		(3,383)	–
Finance costs	6	<u>(3,317)</u>	<u>(5,318)</u>
Loss before income tax	7	(14,810)	(23,347)
Income tax credit/(expense)	8	<u>498</u>	<u>(2,391)</u>
Loss for the year		<u>(14,312)</u>	<u>(25,738)</u>

* *For identification purposes only*

	<i>Note</i>	2021 HK\$'000	2020 <i>HK\$'000</i>
Other comprehensive income			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Changes in fair value of equity instruments at fair value through other comprehensive income		<u>580</u>	<u>(1,620)</u>
Other comprehensive income for the year		<u>580</u>	<u>(1,620)</u>
Total comprehensive income for the year		<u>(13,732)</u>	<u>(27,358)</u>
Loss for the year attributable to:			
Owners of the Company		(12,491)	(24,063)
Non-controlling interests		<u>(1,821)</u>	<u>(1,675)</u>
		<u>(14,312)</u>	<u>(25,738)</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		(11,911)	(25,683)
Non-controlling interests		<u>(1,821)</u>	<u>(1,675)</u>
		<u>(13,732)</u>	<u>(27,358)</u>
		<i>HK cents</i>	<i>HK cents</i>
Loss per share	<i>10</i>		
Basic		(3.83)	(7.38)
Diluted		<u>(3.83)</u>	<u>(7.38)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		226,446	240,742
Investment properties		131,000	130,100
Financial assets at fair value through other comprehensive income		5,026	4,446
Deferred tax assets		558	–
		<hr/> 363,030	<hr/> 375,288
Current assets			
Inventories		139	83
Financial assets at fair value through profit or loss	<i>11</i>	70,445	69,946
Trade and other receivables, deposits and prepayments	<i>12</i>	4,989	8,177
Amount due from non-controlling interest		10	10
Pledged bank deposits		80,989	92,469
Cash and bank balances		27,596	26,325
		<hr/> 184,168	<hr/> 197,010
Current liabilities			
Trade payables	<i>13</i>	259	189
Other payables and accruals		5,263	5,289
Amount due to a shareholder		15,000	15,000
Contract liabilities		86	45
Amount due to non-controlling interest		–	2
Lease liabilities		8,024	8,935
Bank borrowings (secured)		193,653	195,806
		<hr/> 222,285	<hr/> 225,266
Net current liabilities		<hr/> (38,117)	<hr/> (28,256)
Total assets less current liabilities		<hr/> 324,913	<hr/> 347,032

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current liabilities		
Lease liabilities	1,791	9,803
Bank borrowings (secured)	8,130	8,565
Deferred tax liabilities	6,712	6,652
	<u>16,633</u>	<u>25,020</u>
Net assets	<u>308,280</u>	<u>322,012</u>
EQUITY		
Share capital	65,215	65,215
Reserves	242,718	254,629
	<u>307,933</u>	<u>319,844</u>
Equity attributable to the owners of the Company	307,933	319,844
Non-controlling interests	347	2,168
	<u>308,280</u>	<u>322,012</u>
Total equity	<u>308,280</u>	<u>322,012</u>

Notes:

1. GENERAL INFORMATION

The consolidated financial statements of the Group have been prepared in accordance with all Hong Kong Financial Reporting Standards (“**HKFRSs**”) which collectively includes individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The consolidated financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The consolidated financial statements are presented in Hong Kong Dollars (“**HK\$**”), which is also the functional currency of the Company and all amounts are rounded to the nearest thousand (“**HK\$’000**”) except when otherwise indicated.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments which are stated at fair value.

2. ADOPTION OF NEW OR REVISED HKFRSS

(a) Adoption of new or revised HKFRSs – effective on 1 January 2021

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations issued by the HKICPA, which are relevant to and effective for the Group’s financial statements for the annual period beginning on 1 January 2021:

Amendments to HKFRS 16	COVID-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The adoption of these new or amended HKFRSs did not have any material impact on the Group’s results and financial position or the Company’s accounting policies.

(b) New or revised HKFRSs that have been issued but are not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 16	COVID-19-Related Rent Concessions Beyond 30 June 2021 ¹
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKAS 16	Property, plant and equipment – Proceeds before Intended Use ²
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 9 Financial Instruments and HKFRS 16 Leases ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ⁴
HK Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ⁴
Amendments to HKAS 8	Definition of Accounting Estimates ⁴
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction ⁴
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ⁴

¹ Effective for annual periods beginning on or after 1 April 2021

² Effective for annual periods beginning on or after 1 January 2022

³ Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022

⁴ Effective for annual periods beginning on or after 1 January 2023

The directors of the Company anticipate that all of the relevant pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement.

The new or revised HKFRSs that have been issued but not yet effective are unlikely to have material impact on the Group's results and financial position upon application.

3. REVENUE

Revenue which is derived from the Group's principal activities, is recognised during the year as follows:

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Rendering of hair styling services and related product sales	16,314	15,236
Securities investments	3,006	2,969
Hospitality services income	11,982	8,976
Gross rental income from investment properties	4,303	4,257
Interest income from money lending	6	2
Service income from property management projects	881	3,908
	<u>36,492</u>	<u>35,348</u>

4. OTHER INCOME

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Bank interest income	2,262	2,300
Dividend income from listed investments classified as financial assets at fair value through other comprehensive income (“FVOCI”)	256	193
Exchange gain	3,095	5,547
Government subsidies (<i>Note</i>)	244	2,167
Sundry income	1,355	1,219
	<u>7,212</u>	<u>11,426</u>

Note: In 2020, among the government subsidies, an amount of HK\$1,542,000 was government grants obtained from the Employment Support Scheme (“ESS”) under the Anti-epidemic Fund launched by the Government of the Hong Kong Special Administrative Region supporting the payroll of the Group’s employees. Under the ESS, the Group had to commit to spend these grants on payroll expenses, and not to reduce employee head count below prescribed levels for a specified period of time. The Group has complied with the requirements set out in the ESS for the year ended 31 December 2020.

5. 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
Money lending	– Provision of commercial and personal loans in Hong Kong
Property investments	– Investing in commercial and residential properties for rental income 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
Hospitality services	– Provision of hospitality services in Hong Kong
Property project management	– Provision of property related project management service

Segment revenue and results

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

	Segment revenue		Segment results	
	2021	2020	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hair styling	16,314	15,236	(108)	(22)
Money lending	6	2	(10)	(19)
Property investments	4,303	4,257	(3,122)	(4,161)
Securities investments	3,006	2,969	3,128	(9,845)
Hospitality services	11,982	8,976	(5,635)	(1,869)
Property project management	881	3,908	(91)	84
	<u>36,492</u>	<u>35,348</u>	<u>(5,838)</u>	<u>(15,832)</u>
Unallocated income			3,665	4,560
Exchange gain, net			3,095	5,547
Corporate staff costs			(7,492)	(7,434)
Other corporate and unallocated expenses			<u>(8,240)</u>	<u>(10,188)</u>
Loss before income tax			<u>(14,810)</u>	<u>(23,347)</u>

Revenue reported above represents revenue generated from external customers.

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

Segment assets and liabilities

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Segment assets		
Hair styling	5,918	9,876
Money lending	114	66
Property investments	137,025	135,813
Securities investments	70,473	71,784
Hospitality services	220,768	230,722
Property project management	71	322
	<hr/>	<hr/>
Total segment assets	434,369	448,583
Deferred tax assets	558	–
Financial assets at FVOCI	5,026	4,446
Pledged bank deposits	80,989	92,469
Short-term bank deposits	20,598	2,361
Other corporate and unallocated assets	5,658	24,439
	<hr/>	<hr/>
Consolidated total assets	547,198	572,298
Segment liabilities		
Hair styling	3,108	5,561
Money lending	10	23
Property investments	15,168	15,865
Hospitality services	40,580	46,858
Property project management	40	241
	<hr/>	<hr/>
Total segment liabilities	58,906	68,548
Deferred tax liabilities	6,712	6,652
Bank borrowings	155,120	155,120
Other corporate and unallocated liabilities	18,180	19,966
	<hr/>	<hr/>
Consolidated total liabilities	238,918	250,286

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, pledged bank deposits and short-term 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.

Other segment information

	Interest income		Fair value gain on investment properties		Finance costs		Additions to specified non-current assets		Depreciation	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hair styling	-	-	-	-	127	251	36	41	3,197	3,279
Property investments	-	1	900	-	270	327	-	-	169	170
Hospitality services	-	-	-	-	866	1,289	-	13,620	5,221	4,004
	-	1	900	-	1,263	1,867	36	13,661	8,587	7,453
Unallocated	2,262	2,299	-	-	2,054	3,451	16	73	1,685	1,627
Total	2,262	2,300	900	-	3,317	5,318	52	13,734	10,272	9,080

During the year ended 31 December 2021, an impairment loss on right-of-use assets amounted to HK\$3,383,000 was recognised for the segment of hospitality services.

Geographical information

The geographical location of the specified non-current assets (i.e. non-current assets excluding financial 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	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong (place of domicile)	273,655	285,382	33,665	32,404
Macau	83,791	85,460	2,827	2,944
	357,446	370,842	36,492	35,348

Information about a major customer

None of the customers individually contributed 10% or more of the Group's revenue for the years ended 31 December 2021 and 2020.

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.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue from contracts with customers		
<i>Timing of revenue recognition – Over time</i>		
Hair styling services	15,586	14,402
Hospitality services	11,982	8,976
Property project management services	881	3,908
<i>Timing of revenue recognition – At a point in time</i>		
Product sales under hair styling services	728	834
Revenue from other sources		
Rental income	4,303	4,257
Interest income from money lending	6	2
Securities investments	3,006	2,969
	<u>36,492</u>	<u>35,348</u>
6. FINANCE COSTS		
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest charges on bank loans	2,735	4,562
Interest charges on lease liabilities	582	756
	<u>3,317</u>	<u>5,318</u>

7. LOSS BEFORE INCOME TAX

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss before income tax is arrived at after charging/(crediting):		
Auditor's remuneration	659	600
Depreciation		
Property, plant and equipment	847	795
Right-of-use assets:		
– Leasehold land and buildings (owned assets)	1,201	1,201
– Other properties leased for own use (under lease arrangement)	8,224	7,084
Employee benefit expenses (including Directors' emoluments)	23,473	22,496
Gain on written-off of amount due to non-controlling interest	(2)	–
Written-off of property, plant and equipment	–	6
Gain on disposal of property, plant and equipment	–	(5)
Rentals received/receivable from investment properties		
less direct outgoings of HK\$349,000 (2020: HK\$376,000)	(3,954)	(3,881)
Short-term leases expenses	<u>456</u>	<u>456</u>

8. INCOME TAX (CREDIT)/EXPENSE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax – Hong Kong Profits Tax		
– Over-provision in respect of prior years	<u>–</u>	<u>(11)</u>
	–	(11)
Deferred tax	<u>(498)</u>	<u>2,402</u>
	<u>(498)</u>	<u>2,391</u>

The Group is subject to Hong Kong Profits Tax. Hong Kong Profits Tax is calculated at 16.5% (2020: 16.5%) of the estimated assessable profits. No Hong Kong Profits Tax has been provided in the financial statements as the Group did not derive any estimated assessable profits in Hong Kong for the current and prior years.

Pursuant to the tax rules and regulations of Macau, the subsidiaries incorporated and operated in Macau are liable to Macau Profits Tax at the rate of 12% (2020: 12%).

9. DIVIDENDS

The directors do not recommend a payment of final dividend for the year ended 31 December 2021 (2020: nil).

10. LOSS PER SHARE

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss for the year		
Loss attributable to owners of the Company	<u>(12,491)</u>	<u>(24,063)</u>

	2021 <i>'000</i>	2020 <i>'000</i>

Number of ordinary shares

Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u>326,077</u>	<u>326,077</u>
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For the purposes of calculating diluted loss per share for the years ended 31 December 2021 and 2020, no adjustment has been made as the exercise of the outstanding share options has an anti-dilutive effect on the basic loss per share.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Listed equity investments held for trading, at fair value	<u>70,445</u>	<u>69,946</u>

Financial assets at fair value through profit or loss represents listed equity investments held for trading, at fair value.

12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	158	123
Other receivables, deposits and prepayments	4,831	8,054
	4,989	8,177

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

The ageing analysis (based on invoice date) of the trade receivables, net of loss allowance, at the end of the reporting period is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0-30 days	86	1
31-60 days	–	–
61-90 days	–	10
More than 90 days	72	112
	158	123

No loss allowance was provided for the year ended 31 December 2021 (2020: nil) as there has not been a significant change in credit quality based on historical experience. The Group determined that there were no significant financial impact arising from expected credit losses model under HKFRS 9 for trade and other receivables and deposits. The Group does not hold any collateral over these balances.

13. TRADE PAYABLES

At the end of the reporting period, the ageing analysis (based on invoice date) of the Group's trade payables is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0-30 days	187	139
31-60 days	72	50
	259	189

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION REVIEW

General Performance

For two years after the outbreak of the COVID-19 pandemic, global economy experienced recovery in 2021. But rebound has been uneven across countries in midst of, amongst other factors, spread of the Delta variant, ongoing geopolitical tensions, rising global inflation as well as supply chain breakdowns and bottlenecks. In Hong Kong where the Group's core businesses operate, the pandemic situation was well contained with local infections maintained at zero for much of the second half of 2021. Although the border remained close for the whole year, local sentiment in Hong Kong revived in 2021 amid temporary relaxation of social distancing measures and government's Consumption Voucher Scheme. Both GDP and retail sales registered a year on year growth of about 6.4% and 8% respectively from the low base in 2020, yet these indicators were still behind pre-COVID level as tourist spending had been missing entirely.

During the year under review, the Group's net loss decreased by 44% to approximately HK\$14,312,000 after netting the effects for (i) the fair value gain on investment properties of HK\$900,000 in 2021 but not in 2020; (ii) unrealized RMB exchange gain of HK\$3,095,000 in the year under review decreased 44% compared to the same period last year; (iii) fair value gain on financial assets at fair value through profit or loss of HK\$122,000 instead of fair value loss of financial assets at fair value through profit or loss at HK\$12,813,000 in 2020; (iv) decrease in finance costs of HK\$2,001,000 compared to the same period last year; (v) impairment on right-of-use assets of HK\$3,383,000 and (vi) decreased HK\$1,923,000 of government subsidies to HK\$244,000 in 2021.

The Group's revenue increased by approximately 3% to HK\$36,492,000 in 2021 as North Point guesthouse commencing business in May 2020 came in its full year operation in 2021 which had increased the segment's revenue by about 33%. The positive impact on the Group's revenue would have been greater if it had not been offsetted by the substantial revenue drop in the property management segment.

Other income decreased by 37% to HK\$7,212,000. It is mainly due to decrease in government subsidies of HK\$1,923,000 and decrease in accrued unrealized exchange gain on RMB deposits of HK\$2,452,000 for the year under review. Finance costs decreased by HK\$2,001,000 due to relatively low HIBOR interest rate during the year under review. The administrative expenses were approximately kept at the same level as last year after the Group's various endeavours taken to rein in cost included continuing freezing all payroll and discretionary year-end bonus of staff and management alike to keep the Group's sustainability in the adverse economy.

As at 31 December 2021, the Group's net asset value was approximately HK\$308,280,000 and net asset value per share was approximately HK\$0.95. The Group's total assets and total liabilities were approximately HK\$547,198,000 and HK\$238,918,000 respectively.

Property Investments Business

During the year under review, total rental income contributed from Hong Kong and Macau investment properties amounted to HK\$4,303,000 increased by approximately 1% compared to last year. Return from leasing the investment properties was about 5% comparing the gross rental income and original cost of investments. Valuation gain on the investment properties of HK\$900,000 alleviated the segment loss to HK\$3,122,000 for the year under review.

There is no acquisition or disposal of investment properties during the year under review. Total valuation of the investment properties increased by HK\$900,000 to HK\$131,000,000.

In Hong Kong total rental income derived from the Group's retail shop in Sheung Wan and residential units in Taikoo Shing increased approximately 12% to HK\$1,476,000 with investment yield being approximately 5% when compared gross rental income to original cost of investment. The increased rental income was mainly due to vacancy of a residential property for five months in the latter half of 2020 before a new tenancy commenced early in 2021.

Rental income from Macau properties decreased approximately 4% to HK\$2,827,000. There are one residential unit and one office unit which have been vacant since Q3 2020 and Q2 2021 respectively. Rental income from Macau properties decreased mainly due to the early termination of tenancy of an office unit in April 2021 irrespective of the higher rental rate commanded from renewed lease of our office investment properties as well as the predetermined rental increment stated under the tenancy of our retail shop both of which took effect during the year. An average yield of about 5% comparing the gross rental income and original cost of investments on Macau properties was recorded.

During the year the Group's Hong Kong investment properties attained full occupancy rate even though the general rental reversion was negative on renewals, rent review and new lettings. In spite of another year fraught with lingering coronavirus concerns, the local residential market demonstrated its resilience and recorded a modest price increase supported by continued limited supply, solid pent up demand driven by local end users and prevailing low interest rate environment. In the government's latest budget, further relaxation of the mortgage policy to ease the property value cap of the eligible Loan-to-Value should further open up more home options in the secondary home market. The Group will consider disposing some of our non-core investment properties upon attractive offers to enhance its investment portfolio.

As for Macau the occupancy rate of our investment properties last year was less satisfactory. There is a residential unit, located in downtown Macau in the proximity of luxury hotels and casino resorts, which used to be a most sought after premises to lease by gaming intermediaries, has been vacant for over a year with diminishing market rental rate. Under the continued contracting gaming VIP business since last year, the Group has been refocusing our marketing efforts to target corporate tenants like the China based banks that provide accommodation to their seconded staff that work in our neighbourhood. Downward pressure on the occupancy and rental rate is also expected as the tenancies of our office investment properties will expire this year either for rental renewal or new lettings. On the positive side, we can see Macau's future economic growth leading to appreciation of our property investment in Macau in the master plan of development of Guangdong-Macau-Intensive Cooperation zone in Hengqin unveiled in September 2021. The long term goal of the cooperation zone is to establish a better collaboration mechanism between Hengqiu and Macau underlying which Macau can achieve a moderate economic diversification from mostly relying on its gaming revenue.

Hair Styling Business

Due to better control of the pandemic in second half of the year under review, segment turnover increased 7% to HK\$16,314,000 with net loss increased to HK\$108,000 compared to net loss of HK\$22,000 the year before. Despite increase in revenue, increase in segment loss was attributable to the combined effect of (i) the absence in 2021 of the anti-epidemic government subsidies and (ii) decrease in rental concession savings.

Service quality is the foundation of development and key to growth in the business and professionalism of staff is key to service quality. To ensure our service quality, we refine service standards, modernize service tools as necessary to increase service efficiencies and offer staff training as appropriate for latest hair beauty technology, service techniques as well as in depth introduction of products. Under the current COVID situation, especially after Omicron spread out in the local community, the well being of our customers and staff is our utmost priority. In February 2022 hair salon for the first time was included as scheduled premises by the government and directed to suspend operations for almost a month to curb the pandemic. Possibility of another circuit breaker measures on the hair salon in future cannot be ruled out. Meanwhile the Group strictly follows government guidelines and implements various preventive and control measures in force from time to time including vaccine pass requirements for customers and vaccination and testing requirements for employees.

Retail products sales decreased 13% to HK\$728,000 compared to the year before. While we work strenuously to tackle immediate crisis, we remain focus on long term strategy to expand our product sales. As online shopping has become part of daily lives for many people nowadays, the Group will continue to expand our e-commerce initiatives. With the subsidy granted from the Distance Business (D-Biz) Programme, we are at the final stage of fine tuning details of the brand new e-platform before launching it in the coming months.

Hospitality Service Business

Turnover of the segment increased 33% to HK\$11,982,000 with segment loss of HK\$5,635,000. Increase in turnover was due to full year operation in the year under review of hostel premises in North Point commenced operation in May 2020. Decrease in rental concessions and government subsidies during the year under review and accounting treatment to address the impairment issue on right-of-use assets of the North Point leased premises amounted to HK\$3,383,000 increased operation cost and resulted in increase in segment loss of HK\$3,766,000 compared with last year.

During the year COVID-19 pandemic and closure of borders continued to adversely affect the business in the absence of the mass market of Mainland and international travellers. To drive occupancy and cash flow, we continued to shift our focus to the local market and increased differentiated offerings of daycations, flexi-stay, extended stay and co-living. Our two hostels posed average 90% occupancy in 2021 compared with 85% occupancy in the year before whereas average room rate dropped about 2% in between the two years. Occupancy rates was satisfactory and comparable with peers as we had adopted the most flexible pricing strategy making timely adjustments on room tariffs to align with the changing market supply and demand.

The pandemic is likely here to stay for some time and a reality in our daily lives. The Group's priority is to ensure the safety of customers, employees and the community with strict adherence to the necessary preventive and control measures and operation procedures applicable to the industry. We strive to navigate the current headwinds in the operating environment and as the saying goes there is always a silver lining in the clouds. New trend emerges for use of hotels as interim accommodation for those on the public rental housing waitlist and over hundreds mainly smaller guesthouses of our size are on the list. There are also schemes of different scale to be operated in conjunction with NGOs. The Group has recently secured a two month contract with a NGO to provide a fixed number of rooms for their staff's accommodation for short term.

Over the past two years the pandemic has pushed many companies over the technology tipping point and with the surge in automation, digital adoption has taken a quantum leap across many industries including the hospitality industry. Looking forward the Group will not only allocate resources upgrading the hotel's lobby/guesthouses but also digital transforming for instances contactless check-in, voice activation control systems, AI, data and customer analytics which are growing in importance if we look to deliver a better guest experience as customers become more demanding and experience driven. At the same time Environmental, Social and Governance initiatives are increasingly becoming a strategic priority for market players to succeed in the industry. Initiatives like waste and energy management, carbon impact and sustainable-sourcing will be included in our implementation agenda.

Securities Investments

As at 31 December 2021, the Group had financial assets at fair value through profit or loss of approximately HK\$70,445,000 (31 December 2020: HK\$69,946,000). The securities investments portfolio comprised of Hong Kong blue chips and REITs with attractive yield on dividend income and good liquidity. Dividend income from securities investments amounted to HK\$2,994,000 was recorded in the reviewing year.

The Group recorded fair value gain of HK\$122,000 on the securities investments held for the year under review instead of fair value loss of HK\$12,813,000 the year before. We anticipate that when the business environment in Hong Kong is restored and the present epidemic comes under control, prices of the securities investments will gradually reflect its intrinsic value. We are also inquiring with banks for investment options in any of their quality financial products of guaranteed principal with moderate return to leverage on our securities investments on hand to enhance the segment's performance.

The Group's significant investments (i.e. investment with carrying amount exceeding 5% of the total assets of the Group) held as at 31 December 2021 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 HK\$000	Dividend income for the year ended 31 December 2021 HK\$000	Fair value loss for the year ended 31 December 2021 HK\$000	Fair value at 31 December 2021 HK\$000	Approximate percentage of total assets of the Group at 31 December 2021 %
Link Real Estate Investment Trust (823)	<u>705,018</u>	<u>0.033%</u>	<u>65,937</u>	<u>2,157</u>	<u>(1,301)</u>	<u>48,399</u>	<u>8.8%</u>

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, 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 year 2021, it recorded a loss on disposal amounted to HK\$588,000.

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 year renovation on two projects of a residential unit and a commercial unit was completed generating HK\$881,000 total revenue with segment loss of HK\$91,000. As the economy revives, we strive to expand the scale of the business segment by collaborating with local renowned architect/interior designer to explore into new projects. At the moment we are in negotiation with a local renowned interior designer on collaboration terms. Not only is he one of the most influential figure in the field of interior design, he is also known for his eponymous brand of luxury lifestyle homeware products. In his flagship store in Admiralty, it showcases the brand's full collections of furniture, textiles, lighting and tableware alongside with his latest new work design. Should the collaboration materialized, it would definitely add vitalities to the business segment.

Other Business Segments

During the year under review, Money lending business recorded turnover of HK\$6,000 and segment loss was HK\$10,000. We expect operation in this segment to be minimal and customers served are normally on referral basis with careful consideration to credit risk exposure.

FINANCIAL REVIEW

I. Liquidity and Financial Resources

As at 31 December 2021, the Group had a cash and bank balance including pledged bank deposits of HK\$108,585,000 and net current liabilities of HK\$38,117,000. The current ratio (calculated as the current assets to the current liabilities) of the Group as at 31 December 2021 was approximately 0.83 (31 December 2020: 0.87).

The sales and purchase of the Group are mainly denominated in Hong Kong Dollars. But the Group has substantial amount of Renminbi deposits on hand which is exposed to fluctuations on Renminbi exchange rates. The Directors consider that in the long run the Renminbi exchange rate will be stable.

During the year, certain property, plant and equipment, certain investment properties and certain bank deposits of the Group were pledged to two banks to secure the bank borrowing of approximately HK\$201,783,000, which is denominated in Hong Kong dollars and bearing interest at floating rate. The Group did not have significant contingent liabilities as at 31 December 2021 (31 December 2020: Nil). There is no capital commitments as at 31 December 2021 (31 December 2020: Nil).

II. Capital Structure of the Group

As at 31 December 2021, the Group had total equity of HK\$308,280,000, fixed rate liability of HK\$9,815,000, floating rate liability of HK\$201,783,000 and interest-free liabilities of HK\$27,320,000, representing 3%, 65% and 9% 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 31 December 2021 was approximately 3% (31 December 2020: 6%).

III. Significant Investments, material Acquisition and Disposal

During the year ended 31 December 2021, the Group had not made any significant investments or material acquisition or disposal.

IV. Employment Information

As at 31 December 2021, the Group employed approximately a total of 48 employees (2020: 47). The Group's emoluments policies are formulated on the performance of individual employee and are competitive in the market. During the year ended 31 December 2021, total staff costs (excluding Directors' emoluments) amounted to approximately HK\$12,512,000 (2020: HK\$11,396,000).

V. Final Dividend

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: Nil).

PROSPECTS

In Q4 2021, the highly transmissible COVID-19 variant, Omicron, emerged and spread worldwide. New infection cases have peaked in many countries amid people's increasing vaccination rates and vaccine boosters launched by various countries. As times goes by some western countries today have taken the policy to "live with virus" by easing its strict COVID related restrictions in an attempt to revive its local economy. Nevertheless on the road to global economic recovery, volatilities and uncertainties remain heightened in the near to mid term on the pandemic's lingering effects, continued Sino-US tension and the ongoing Russo-Ukrainian War. While it is still yet early to gauge the impact that Russia's Ukraine incursion has on global macro economy, economists envisage that 1H 2022 is likely to see high inflation rate and low economic growth. The unprecedented sanctions levied on Russia by various US led major economies have not as anticipated slowed down the tightening monetary policies of United States to fight inflation with interest rate hikes as the Federal Reserve announced in March 2022 its first interest rate hike of 0.25% since 2018 and indicated more hikes are coming in the remaining year. As the Russian-Ukraine conflict evolves, there are growing concerns of its impact on stability of global finance, energy supplies, transportation and supply chains. Hong Kong where the Group's core businesses operate, is an external oriented economy inevitably would be impacted to a greater or lesser extent by the multiplying ripple effect by such a global phenomenon.

Since December last year onslaught of the Omicron infections in Hong Kong has dealt a heavy blow and overwhelmed the city's capacity to deal with the pandemic as daily cases surge to record high for over a month. Other than boosting the city's vaccination rates, the HKSAR government has imposed tougher social-distancing measures to combat the pandemic. All local economic activities have been halted with renewed pressure on retail market sentiment and disruptions on the reopening plan of the Mainland border. On a positive note, while the government is focusing all resources to fight the pandemic, the Mainland government is also rendering Hong Kong its full support providing for anti-epidemic products including Chinese medicine, ensuring ceaseless food supply chain across the border, constructing within a time constraint mobile cabin hospitals/isolation facilities and sending in medical professionals to help to treat COVID infected patients who could not have been promptly attended due to manpower shortage. At the same time the Chief Executive Officer has just announced that Hong Kong will lift a ban on flights from nine countries and reduce quarantine periods alongside a roadmap easing social restrictions in three phases starting 20 April 2022 but with emphasis the roadmap is subject to change. These are all favourable factors towards life returning to normal but all the same we expect the operation of our local hotels will still face headwinds this year.

Despite against a backdrop comprising rising geopolitical tensions, winding down of quantitative easing with increasing interest rate as well as the threat of vaccine evading COVID-19 variants, Mainland China's growth could be better than expected in 2022 underpinned by amongst others (i) the country's dual-circulation development strategy and (ii) exports to stay strong in 2022 from demand of some major economies which have started to revive their economic activities. In addition to increasing demand in Renminbi from increasing international trade and hot money chasing comparatively attractive returns on Chinese government bonds, the giving up by Russian fuel company "Gazprom Neft" in September 2021 USD and accept Renminbi as settlement currency has also boosted the Renminbi demand. Renminbi has soared more than 8% in 2021 according to China Foreign Exchange Trade System Renminbi index that tracks the yuan's performance against 24 other currencies. The appreciation of Renminbi would benefit the Group in the perspective of its substantial amount of Renminbi bank deposits held for interest income and long term capital gain in value. Considering China's strong desire to reduce its reliance on USD for trading and transaction with global counterparties, it is generally expected that the currency's strength and stability will remain a core policy focus for the Chinese government during this period and beyond. Some analysts anticipate that the currency's strong performance could continue in 2022 and the Group will be on the lookout to capitalize on the opportunity to convert our Renminbi on hand to reap the exchange gain.

Unquestionable the pandemic situation still dominates the global economic outlook and the lack of Mainland and international visitors will continue to weigh on the Group's hospitality business. Although widely believed that global tourism will resume gradually with increasing vaccination rates across the globe that herd immunity will come into effect, it is still a long road to full recovery of the hospitality industry. With Omicron yet to be contained in Hong Kong, the Group will continue to put on hold projects which it explored and identified to add to our hospitality service operation portfolio. Nonetheless seeing beyond the current situation, we recognize the longer term potential of Hong Kong's hospitality industry. Hong Kong is unique in terms of business and leisure with its strategic location and business environment as a key conduit to Mainland China and the wider international business communities. Recently the Group has procured a standby banking facilities to provide additional funding capability and flexibility for our existing hotel hardware enhancement and future expansion as the opportunities and timing come. Major infrastructure, commercial and leisure initiatives like the new third runway at HKIA, West Kowloon Cultural District, opening of Water World Ocean Park etc add to elevate Hong Kong's position as a global city and benefit the hospitality industry. While the Group endeavours to sustain its performance in Hong Kong, it will also continue to seek for potential hotel operations in Hong Kong's neighbouring cities to reduce the risk of the Group relying on a single geographical market.

CORPORATE SOCIAL RESPONSIBILITY

The Group always strives for being an outstanding member of the communities in the territories it operates, Hong Kong and Macau. As such, each year the management would set targets to achieve goals of community care and environment protection by actively participating in various social services. In the future the Group shall continue to seek innovative and meaningful ways to engage its employees and associates in building stronger and more vibrant communities.

During the year 2021, the Group was honoured with the following awards:

- “Caring Company” by the Hong Kong Council of Social Services for 14 years in succession
- “Good MPF Employer” by Mandatory Provident Fund Schemes Authority for 7 years in succession
- “Manpower Developer” by the Employee Retraining Board in “Manpower Developer Award Scheme” for 3 consecutive sessions
- “Social Capital Builder” award by the Hong Kong Productivity Council for 3 continuous sessions
- “Hong Kong Green Organization” accredited by Environmental Campaign Committee since January 2018
- accredited as “Happy Company” (organized by Hong Kong Promoting Happiness Index Foundation) since May 2020 and have committed to develop corporate caring, wisdom, toughness and motivation so as to provide a happy workplace for staff
- Hong Kong Awards Environment Excellence (SEMs) by Environmental Campaign Committee for pursuit of environmental initiative and participative since 2019

The Group is always firmly committed to operating as a socially-responsible company across all of its business operations and a more detailed Corporate Social Responsibility Report of our activities during the year will be posted in our company’s website later.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to upholding a high standard of corporate governance practices and business ethics in the firm belief that they are essential for maintaining and promoting investors’ confidence and maximizing shareholders’ returns. The Board reviews its corporate governance practices from time to time in order to meet the rising expectations of stakeholders and comply with increasingly stringent regulatory requirements, and to fulfill its commitment to excellence in corporate governance.

Throughout the year of 2021, the Company has complied with all Code Provisions in the Code of Corporate Governance Practices (the “**CG Code**”) contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) except for certain areas of non-compliance that are discussed below.

The CG Code stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same person. 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 REVIEW

The Audit Committee has discussed with the management of the Company the accounting principles and practices adopted by the Group and matters relating to internal audit, internal control, financial reporting of the Group and reviewed the annual results and consolidated accounts of the Group for the year ended 31 December 2021.

REVIEW OF THIS FINAL RESULTS ANNOUNCEMENT

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in the preliminary announcement have been agreed by the Group’s auditor, BDO Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

For determining the entitlement to attend and vote at the forthcoming annual general meeting of the Company, the register of members of the Company will be closed from Thursday, 26 May 2022 to Monday, 30 May 2022 (both dates inclusive), during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the annual general meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited at Room 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong by not later than 4:30 p.m. on Wednesday, 25 May 2022.

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 during the year under review.

By Order of the Board
Century Legend (Holdings) Limited
Chu Ming Tak Evans Tania
Executive Director

Hong Kong, 30 March 2022

As at the date of this announcement, the Board comprises 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. Lau Pui Wing and Ms. Ho Ting Mei.