



Century Legend (Holdings) Limited
世紀建業（集團）有限公司

Interim Report

2001

INTERIM RESULTS

The board of directors ("Board") of Century Legend (Holdings) Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (together "the Group") for the six months ended 30 June 2001.

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Notes	For the six months ended 30 June	
		2001	2000
		(Unaudited) HK\$'000	(Unaudited) HK\$'000
Turnover	2	5,735	1,300
Cost of sales		<u>(2,022)</u>	<u>-</u>
Gross profit		3,713	1,300
Other revenues	2	931	642
Administrative expenses		(7,285)	(3,775)
Other operating expenses		<u>(3,965)</u>	<u>(7)</u>
Operating loss	3	(6,606)	(1,840)
Share of losses of associated companies		<u>(954)</u>	<u>(37)</u>
Loss attributable to shareholders		<u>(7,560)</u>	<u>(1,877)</u>
LOSS PER SHARE	6	<u>(1.24) cents</u>	<u>(0.26) cents</u>

CONDENSED CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES

	For the six months ended 30 June	
	2001	2000
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Loss for the period	<u>(7,560)</u>	<u>(1,877)</u>
Total recognised losses	(7,560)	(1,877)
Goodwill eliminated directly to reserves	<u>-</u>	<u>(8,118)</u>
	<u>(7,560)</u>	<u>(9,995)</u>

CONDENSED CONSOLIDATED BALANCE SHEET

		30 June 2001 (Unaudited) <i>Notes</i> <i>HK\$'000</i>	31 December 2000 (Audited) <i>HK\$'000</i>
Non-current assets			
Fixed assets		10,157	6,782
Associated companies	7	–	954
Investment securities		4,298	6,851
Loan receivables	8	614	166
		<u>15,069</u>	<u>14,753</u>
Current assets			
Loan receivables, current portion	8	8,630	20,984
Other receivables, prepayments and deposit		1,736	1,622
Trading securities		9,944	2,020
Bank balances and cash		62,273	19,866
		<u>82,583</u>	<u>44,492</u>
Current liabilities			
Trade and other payables	9	2,224	2,439
Net current assets		<u>80,359</u>	<u>42,053</u>
		<u>95,428</u>	<u>56,806</u>
Financed by:			
Share capital	10	143,400	47,800
Reserves	11	(47,972)	9,006
Shareholders' funds		<u>95,428</u>	<u>56,806</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended 30 June	
	2001 (Unaudited) <i>HK\$'000</i>	2000 (Unaudited) <i>HK\$'000</i>
Net cash inflow/(outflow) from operating activities	9,209	(13,165)
Net cash inflow from returns on investments and servicing of finance	339	594
Net cash (outflow)/inflow from investing activities	<u>(13,323)</u>	<u>17,553</u>
Net cash (outflow)/inflow before financing	(3,775)	4,982
Net cash inflow from financing	<u>46,182</u>	<u>14,000</u>
Increase in cash and cash equivalents	42,407	18,982
Cash and cash equivalents at 1 January	<u>19,866</u>	<u>5,997</u>
Cash and cash equivalents at 30 June	<u>62,273</u>	<u>24,979</u>
Analysis of balance of cash and cash equivalents		
Bank balances and cash	<u>62,273</u>	<u>24,979</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These unaudited condensed consolidated interim accounts are prepared in accordance with Hong Kong Statement of Standard Accounting Practice 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants and Appendix 16 to the Rules Governing The Listing of Securities on the Stock Exchange (the "Listing Rules"). These interim accounts should be read in conjunction with the 2000 annual accounts.

The accounting policies and method of computation used in the preparation of these interim accounts are consistent with those used in the annual accounts for the year ended 31 December 2000.

2. SEGMENT INFORMATION

The Group's turnover and operating loss by principal activities are analysed as follows:

	For the six months ended 30 June	
	2001 (Unaudited) HK\$'000	2000 (Unaudited) HK\$'000
Turnover		
Interest income from money lending business	3,066	1,300
Travel agency services	2,669	-
	<u>5,735</u>	<u>1,300</u>
Other revenues		
Bank interest income	339	594
Licence fee income	456	-
Others	136	48
	<u>931</u>	<u>642</u>
Total revenues	<u>6,666</u>	<u>1,942</u>

2. SEGMENT INFORMATION (CONT'D)

	For the six months ended 30 June 2001			
	Money lending HK\$'000	Travel agency services HK\$'000	Others HK\$'000	Group HK\$'000
Revenues	<u>3,066</u>	<u>2,669</u>	<u>931</u>	<u>6,666</u>
Segment results – profit/(loss)	<u>789</u>	<u>56</u>	<u>(3,501)</u>	<u>(2,656)</u>
Provision for diminution in value of investment securities				(2,511)
Unrealised loss on trading securities				(1,439)
Share of losses of associated companies				<u>(954)</u>
Loss attributable to shareholders				<u>(7,560)</u>

	For the six months ended 30 June 2000			
	Money lending HK\$'000	Travel agency services HK\$'000	Others HK\$'000	Group HK\$'000
Revenues	<u>1,300</u>	<u>–</u>	<u>642</u>	<u>1,942</u>
Segment results – (loss)	<u>(519)</u>	<u>–</u>	<u>(1,321)</u>	<u>(1,840)</u>
Share of losses of associated companies				<u>(37)</u>
Loss attributable to shareholders				<u>(1,877)</u>

No geographical analysis is presented as less than 10% of the Group's turnover and trading results were generated from operations outside Hong Kong.

3. OPERATING LOSS

Operating loss is stated after charging the following:

	For the six months ended 30 June	
	2001 (Unaudited) HK\$'000	2000 (Unaudited) HK\$'000
Depreciation	614	218
Staff costs (including Directors' remuneration)	3,812	1,820
Retirement benefit costs	141	146
Operating leases – land and buildings	790	348
Loss on disposal of fixed assets	15	7
Provision for diminution in value of investment securities	2,511	–
Unrealised loss on trading securities	<u>1,439</u>	<u>–</u>

4. TAX

Hong Kong profits tax has not been provided as the Group has no estimated assessable profits for the six months ended 30 June 2001. (2000: Nil)

5. DIVIDENDS

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2001 (2000: Nil).

6. LOSS PER SHARE

The calculation of loss per share for the period is based on the loss attributable to shareholders of HK\$7,560,000 (2000: loss of HK\$1,877,000) and the weighted average of 610,044,199 (2000: 720,423,561 adjusted for rights issue in 2001) shares in issue during the six-month period.

7. ASSOCIATED COMPANY

	30 June 2001 (Unaudited) HK\$'000	31 December 2000 (Audited) HK\$'000
Advance to an associated company	2,137	2,137
Share of net liabilities, other than goodwill	<u>(2,137)</u>	<u>(1,183)</u>
	<u>–</u>	<u>954</u>

8. LOAN RECEIVABLES

	30 June 2001 (Unaudited) HK\$'000	31 December 2000 (Audited) HK\$'000
Loan receivables – secured	5,827	20,000
Loan receivables – unsecured	3,917	1,650
	<hr/>	<hr/>
Gross loan receivables	9,744	21,650
Provision for doubtful loans	(500)	(500)
	<hr/>	<hr/>
	9,244	21,150
<i>Less:</i> amount due within one year	(8,630)	(20,984)
	<hr/>	<hr/>
Amount due after one year	<u>614</u>	<u>166</u>

The repayment terms of loan receivables are negotiated on an individual basis. The maturity profile of loan receivables is analysed as follows:

	30 June 2001 (Unaudited) HK\$'000	31 December 2000 (Audited) HK\$'000
On demand	1,865	14
Three months or less	6,857	21,015
Below one year but over three months	408	455
One to three years	614	166
	<hr/>	<hr/>
	<u>9,744</u>	<u>21,650</u>

9. TRADE AND OTHER PAYABLES

	30 June 2001 (Unaudited) HK\$'000	31 December 2000 (Audited) HK\$'000
Trade payables	455	265
Other payables and accruals	1,769	2,174
	<hr/>	<hr/>
	<u>2,224</u>	<u>2,439</u>

At 30 June 2001, the ageing of the trade payables was within three months.

10. SHARE CAPITAL

	As at 30 June 2001	As at 30 June 2001	As at 31 December 2000	As at 31 December 2000
	No of shares (million)	Nominal value HK\$'000	No of shares (million)	Nominal value HK\$'000
Ordinary shares of HK\$0.10 each				
Authorised:				
At beginning of period	600	60,000	600	60,000
Additions (note 1)	1,200	120,000	-	-
	<u>1,800</u>	<u>180,000</u>	<u>600</u>	<u>60,000</u>
At end of period	<u>1,800</u>	<u>180,000</u>	<u>600</u>	<u>60,000</u>
Issued and fully paid:				
At beginning of period	478	47,800	400	40,000
Issue upon a placement	-	-	70	7,000
Issue for acquisition	-	-	8	800
Rights issue (note 2)	478	47,800	-	-
Bonus issue (note 2)	478	47,800	-	-
	<u>1,434</u>	<u>143,400</u>	<u>478</u>	<u>47,800</u>
At end of period	<u>1,434</u>	<u>143,400</u>	<u>478</u>	<u>47,800</u>

Notes:

- By a special resolution passed on 10 May 2001, the authorized share capital of the company was increased from HK\$60,000,000 to HK\$180,000,000 by the creation of 1,200,000,000 shares at HK\$0.1 each. These shares rank *pari passu* with the existing shares.
- On 6 June 2001, 478,000,000 shares were issued at HK\$0.10 per share pursuant to a rights issue on the basis of one rights share for every existing share held on 10 May 2001. In addition, 478,000,000 new shares were issued by way of a bonus issue by applying HK\$47.8 million charging to the share premium account in payment in full at par and on the basis of one bonus share for every rights share taken up as mentioned above.

11. RESERVES

	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2000	72,131	17,314	(82,220)	7,225
Profit for the period	-	-	587	587
Premium on issue of shares	10,200	-	-	10,200
Goodwill arising from acquisition of a subsidiary and associated companies	-	(9,006)	-	(9,006)
At 1 January 2001	82,331	8,308	(81,633)	9,006
Loss for the period	-	-	(7,560)	(7,560)
Issue of bonus shares	(47,800)	-	-	(47,800)
Rights issue costs	(1,618)	-	-	(1,618)
At 30 June 2001	<u>32,913</u>	<u>8,308</u>	<u>(89,193)</u>	<u>(47,972)</u>

12. SUBSEQUENT EVENTS

On 31 August 2001, the Group has entered into a conditional sale and purchase agreement with independent third parties to acquire the entire equity interest in a company which substantially owns two subsidiaries engaging in the operation of hair salons under the trade name of "Headquarters" in Hong Kong and a health and beauty centre in Hong Kong respectively.

The consideration was HK\$8,604,000 and will be satisfied by the issue of convertible notes ("Convertible Notes") by the Company. To facilitate the issue of conversion shares pursuant to the Convertible Notes, the Board proposes to implement a capital reduction ("Capital Reduction") and share subdivision ("Share Subdivision") pursuant to which the nominal value of the issued shares will be reduced from HK\$0.10 to HK\$0.01 each and every unissued share of HK\$0.10 each will be subdivided into 10 new shares of HK\$0.01 each respectively. The Capital Reduction and Share Subdivision will be subject to approval by a special general meeting to be convened on 11 October 2001 ("SGM"). The SGM will also approve an ordinary resolution to increase the authorized share capital of the Company from HK\$180,000,000 to HK\$400,000,000 by the creation of an additional 22,000,000,000 shares of HK\$0.01 each.

Details of the acquisition has been announced on 4 September 2001 and a circular will be despatched to the Shareholders on 18 September 2001.

MANAGEMENT DISCUSSION AND ANALYSIS

Introduction

Century Legend (Holdings) Limited (formerly known as Forte Holdings Limited), has been listed since 1993. With the change of management since October 1999, the Group recorded a significant improvement in performance with an operating profit of \$587,000 in 2000 against an operating loss of \$55,771,000 in 1999. Operating loss for the six months ended 30 June 2001 was HK\$7,560,000 (30 June 2000: loss of HK\$1,877,000). Turnover increased by approximately four times to HK\$5,735,000 for the six months ended 30 June 2001 compared with HK\$1,300,000 for the six months ended 30 June 2000 following the launching of travel agency business and the increase of money lending business.

Business Review

The Group has taken a significant step to diversify its core business from garment manufacturing and trading to financial investments and travel, entertainment and leisure related businesses to broaden its earning capacity and to minimize loss possibly caused by structural change of market conditions, while still owning the sales and distribution rights in relation to all merchandises under the "FORTEI" brand name.

Financial Investments

Financial investments include money lending, direct investments, and other investments which contributed to approximately 53% of the Group's turnover for the 6 months ended 30 June 2001. With increased resources, turnover of money lending business for the period increased by approximately 136% to HK\$3,066,000 (2000: HK\$1,300,000) and operating profit of HK\$789,000 (2000: loss of HK\$519,000) was recorded.

Money lending activities include facilities granted to individuals and corporate clients; direct investments focus on investment in software industry and trading securities; other investments include property holding and licence holding.

1. In April 2000, the Group acquired 40% minority stake in a well established software applications developer, Integrated Solutions Limited, for a consideration of \$8 million;

2. In July 2000, the Group invested a sum of US\$1.5 million to acquire a strategic stake in AcrossAsia Multimedia Limited, a company listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited;
3. In January, 2001, the Group entered into a licence agreement with an independent third party to grant an exclusive right to a third party for the use of the "FORTEI" trademark in Hong Kong, Macau, Taiwan and Mainland China for an aggregate consideration of RMB24.5 million payable by way of a licence fee over eight years with ownership of the trademark remaining vested in the Group throughout and after the entire licence period. The granting of the licence promotes and enhances the value of the trademark of "FORTEI" and provides a steady income to the Group.

Travel, entertainment and leisure related businesses

Travel, entertainment and leisure related businesses contributed to approximately 47% of the Group's turnover for the 6 months ended 30 June 2001 and have provided steady income and cashflow to the Group.

1. In December, 2000, the Group acquired a travel agent company, which specializes in ticketing, hotel room reservation and private group travel in Hong Kong, Macau and Mainland China;
2. In August 2001, the Group conditionally acquired a hair salon under the reputable trade name of "Headquarters" and a health and beauty centre in Hong Kong respectively. The acquisition represents a good opportunity for the Group to expand into the beauty, fitness and body care related business which has a recognised brand name and image, an existing infrastructure with necessary human resources and an established customer base. In addition, it would allow the Group to expand into retail operations to diversify its revenue stream as well as to bring in a recurring cashflow to the Group. The Group will further expand the existing operations to provide a full range of beauty, fitness and personal grooming services to its customers.

Financial Resources Review

In order to strengthen the Group's business and to search for potential investments, the Group has raised HK\$47.8 million through a rights issue in June 2001. The Group is financially strong with no borrowings, contingent liabilities, charges on assets and capital commitment as at 30 June 2001 and operating and capital expenditure is adequately funded by internal generated capital resources.

The management always takes a conservative approach towards potential risk exposures. As to the Group's holding of investment securities, the carrying amount of individual investment is reviewed regularly and any impaired loss is recognized as an expense in the profit and loss account. As the Group's business focus is in Hong Kong, China and Macau, foreign exchange exposure is significantly avoided.

Outlook

The market conditions may continue to be competitive and challenging in the second half of 2001. However, the management believes that there will be satisfactory growth in the travel, entertainment and leisure related businesses in view of the Olympic Game to be held in Beijing in 2008 and the opening of the Hong Kong Disneyland in a few years which will boost the tourism business in Hong Kong, Macau and Mainland China.

The Group believes that it has the flexibility and the strength to succeed in any of the Group's financial investments businesses or travel, entertainment and leisure related businesses. The Group will continue to look for profitable investment opportunity in order to generate better returns to strengthen its financial foundation on the one hand and to tighten control of its operating costs to improve its operating efficiencies on the other hand.

DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES

At 30 June 2001, the interests of the Directors and Chief Executive in the shares, warrants and options of the Company and its associated corporation, as recorded in the register maintained by the Company under Section 29 of the Securities (Disclosure of interests) Ordinance (the "SDI" Ordinance") or as notified to the Company were as follows:

Name	Number of shares in the Company beneficially held			
	Personal interest	Corporate interest	Family interest	Other interest
Mr. Tsang Chiu Ching	960,000	(note 1)	-	-
Mr. Tsang Chiu Mo Samuel	-	(note 1 and 2)	-	-

Notes:

1. 868,389,900 shares were held by Century Legend Limited ("Century Legend"), which is owned as to 5% by Mr. Tsang Chiu Ching and 5% by Mr. Tsang Chiu Mo Samuel respectively.
2. 204,114,700 shares were deemed to be held by China Sky Finance Limited ("China Sky") by virtue of a Share Charge dated 6 December 1999 made between China Sky as chargee and Century Legend as chargor whereby Century Legend charged to China Sky by way of first fixed charge all of Century Legend's present and future right, title and interest in and to 204,114,700 shares in the Company. China Sky is 100% beneficially owned by Mr. Tsang Chiu Mo Samuel. Both Mr. Chan Yuk Sang and Mr. Tsang Chiu Mo Samuel are directors of China Sky.

Save as disclosed above and the holding of certain nominees shares in trustee for the Group, none of the Directors and Chief Executives of the Company or their associates had any interest in the share capital of the Company or any of its associated corporations as defined in the SDI Ordinance as at 30 June 2001.

At no time during the period was the Company, its subsidiaries or its holding company a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

At 30 June 2001, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance shows that the Company had not been notified of any substantial shareholders' interests, being 10% or more of the Company's issued share capital, other than those of Century Legend Limited and China Sky Finance Limited as disclosed above.

NUMBER AND REMUNERATION OF EMPLOYEES, REMUNERATION POLICIES AND BONUS AND SHARE OPTION SCHEMES

As at 30 June 2001, the Group employed a total of 26 full-time employees including the Directors of the Group. The Group offers the same remuneration scheme to all employees which includes in addition to basic salary, year-end bonuses equivalent to one month's salary, medical scheme and Mandatory Provident Fund.

Under the Company's share option scheme, the Directors may at their discretion grant options to Executive Directors and full time employees of the Company and its subsidiaries to subscribe for shares in the Company. There was no option outstanding at any time during the period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2001.

CODE OF BEST PRACTICE

None of the Directors of the Company is aware of information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30 June 2001, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules. The Independent Non-Executive Directors of the Company are appointed subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws of the Company.

AUDIT COMMITTEE

This interim report has been reviewed by the Audit Committee of the Board which comprises two Independent Non-Executive Directors.

PUBLICATION OF RESULTS ON THE STOCK EXCHANGE'S WEBSITE

All the information required by paragraphs 46(1) to 46(6) inclusive of Appendix 16 of the Listing Rules will be published on the Stock Exchange's website before the end of September 2001.

By Order of the Board
CHAN YUK SANG
Chairman

Hong Kong, 13 September 2001