



DYNAMIC HOLDINGS LIMITED

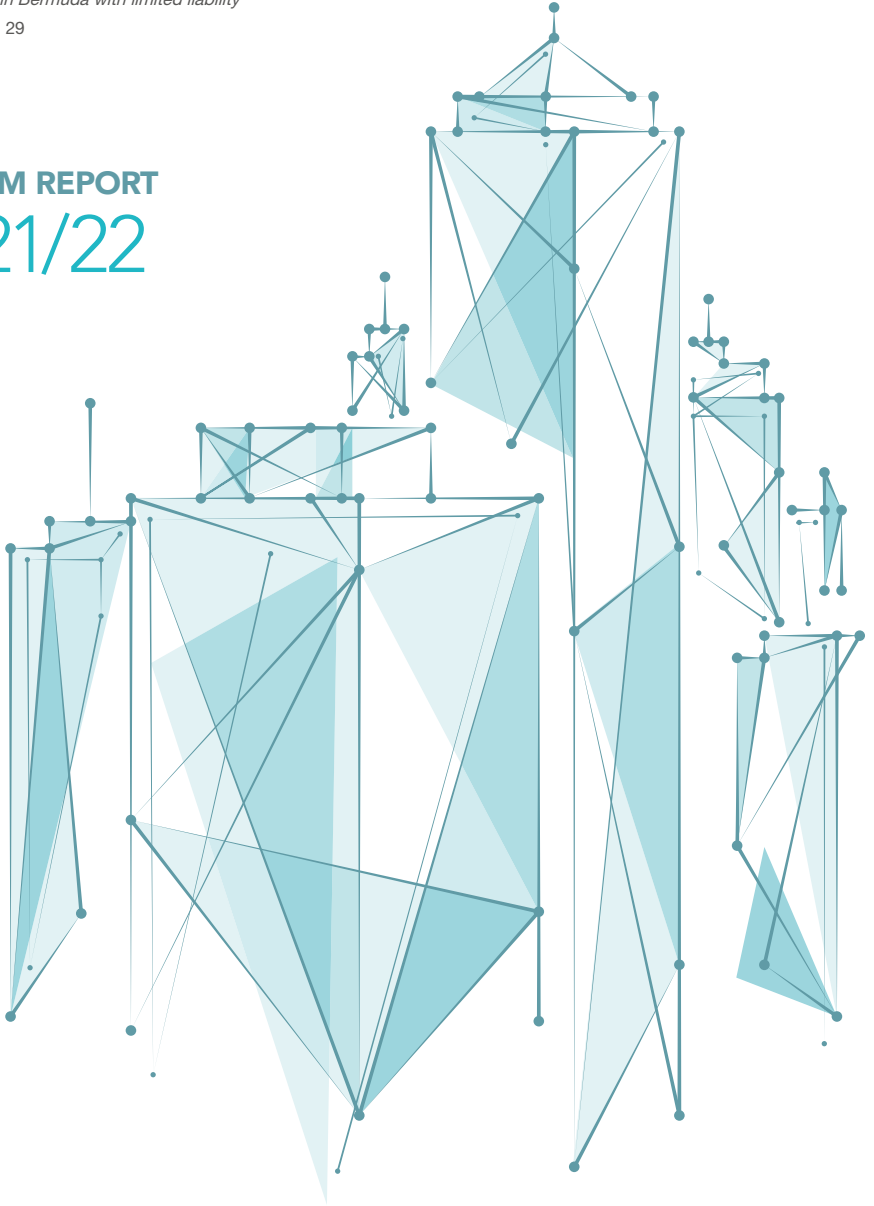
達力集團有限公司

*Incorporated in Bermuda with limited liability*

Stock Code : 29

INTERIM REPORT

2021/22





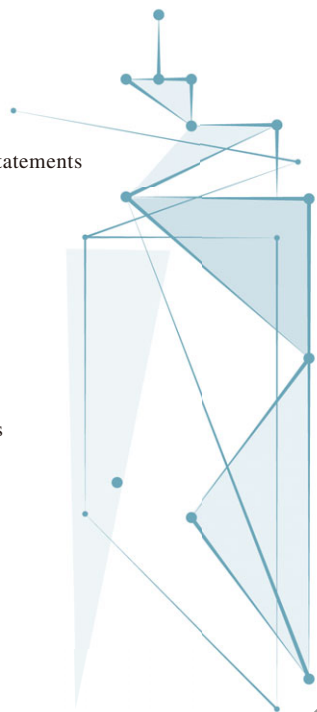
[www.dynamic.hk](http://www.dynamic.hk)



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# CORPORATE AND INVESTOR INFORMATION

As at 25 February 2022

## BOARD OF DIRECTORS

### *Executive Directors*

TAN Lucio C., *Chairman*  
CHIU Siu Hung, Allan,  
*Chief Executive Officer*  
TAN Carmen K.  
PASCUAL Ramon Sy  
TAN Vivienne Khao  
TAN Irene Khao

### *Independent Non-executive Directors*

CHONG Kim Chan, Kenneth  
GO Patrick Lim  
NGU Angel  
MA Chiu Tak, Anthony

## AUDIT COMMITTEE

CHONG Kim Chan, Kenneth,  
*Chairman*  
GO Patrick Lim  
MA Chiu Tak, Anthony

## REMUNERATION COMMITTEE

CHONG Kim Chan, Kenneth,  
*Chairman*  
GO Patrick Lim  
MA Chiu Tak, Anthony

## NOMINATION COMMITTEE

GO Patrick Lim, *Chairman*  
CHONG Kim Chan, Kenneth  
MA Chiu Tak, Anthony

## COMPANY SECRETARY

WONG Oi Yee, Polly

## AUDITORS

Deloitte Touche Tohmatsu  
*Registered Public Interest Entity Auditors*

## LEGAL ADVISERS

Deacons  
Mayer Brown  
Appleby  
Longan Law Firm  
Shanghai Kai-Rong Law Firm

## PRINCIPAL BANKERS

Hang Seng Bank Limited  
Industrial and Commercial Bank of  
China Limited  
China Merchants Bank Co., Ltd.  
Bank of China Limited  
Bank of Communications Co., Ltd.

## STOCK CODE

29

## CORPORATE AND INVESTOR INFORMATION *(Continued)*

As at 25 February 2022

### WEBSITES

www.dynamic.hk  
www.irasia.com/listco/hk/dynamic

### SHARE REGISTRAR

#### *Principal Share Registrar*

MUFG Fund Services (Bermuda)  
Limited  
4th Floor North  
Cedar House  
41 Cedar Avenue  
Hamilton HM12  
Bermuda

#### *Branch Share Registrar*

Tricor Tengis Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

### REGISTERED OFFICE

Victoria Place, 5th Floor  
31 Victoria Street  
Hamilton HM 10  
Bermuda

### PRINCIPAL PLACE OF BUSINESS

17th Floor, Eton Tower  
8 Hysan Avenue  
Causeway Bay  
Hong Kong

### REPRESENTATIVE OFFICE IN SHENZHEN

Unit 1321, Shenzhen Kerry Centre  
2008 Renminnan Road, Shenzhen  
The People's Republic of China

### FINANCIAL CALENDAR

Last Registration Date for Interim Dividend	4 April 2022
Book-close Dates	6 April 2022 – 8 April 2022 (both days inclusive)
Record Date for Interim Dividend	8 April 2022
Payment of Interim Dividend	29 April 2022

## MANAGEMENT STATEMENT

The board (the “**Board**”) of directors (the “**Directors**”) of Dynamic Holdings Limited (the “**Company**”) hereby present its management statement including, among others, discussion and analysis of the performance and the unaudited condensed consolidated financial statements of the Company and its subsidiaries (the “**Group**”) for the six months ended 31 December 2021, which have been reviewed by external auditor of the Company, Deloitte Touche Tohmatsu.

### INTERIM RESULTS

For the six months ended 31 December 2021, the Group reported a total revenue of HK\$42,989,000 (2020: HK\$42,337,000) and gross profit of HK\$29,901,000 (2020: HK\$29,607,000), representing slight increase of about 2% and 1% respectively compared with those of the previous corresponding period. These results were attributable to the gross profit margin of about 70% (2020: 70%) in respect of the rental income of investment properties of the Group in mainland China denominated in renminbi yuan (“**RMB**”).

During the period under review, the Group accounted for other income of HK\$11,926,000 (2020: HK\$19,384,000), which arose mainly from imputed and bank interest income in the sum of HK\$9,983,000 (2020: HK\$9,431,000) with net exchange gain of HK\$1,238,000 (2020: HK\$5,995,000) due to the slight appreciation of RMB against Hong Kong dollar (“**HKD**”). In addition, the Group recognised an aggregate increase of HK\$48,041,000 (2020: an aggregate decrease of HK\$84,669,000) in the fair value of the investment properties under improved infrastructure nearby and market sentiment.

Taking into account of the increase in fair value of the investment properties together with the related effect of deferred taxation in the period, the Group recorded a profit for the period attributable to shareholders of the Company in the sum of HK\$48,534,000 (2020: loss of HK\$34,086,000), with basic earnings per share of 20.42 Hong Kong cents (2020: basic loss per share of 14.34 Hong Kong cents).

In addition, due to exchange difference on currency translation to presentation currency in HKD from functional currency in RMB, which appreciated against HKD by about 1.7% (2020: 7.9%) in the period, the other comprehensive income was HK\$39,663,000 (2020: HK\$172,215,000), and the total comprehensive income attributable to shareholders of the Company amounted to HK\$87,425,000 (2020: HK\$134,950,000) in the period.

### INTERIM DIVIDEND

The Directors have declared an interim dividend of 0.5 Hong Kong cents (2020: 1 Hong Kong cent) per share for the six months ended 31 December 2021 to the shareholders of the Company whose names appear on the register of members on Friday, 8 April 2022. The warrants for the interim dividend are expected to be despatched to those entitled on or about Friday, 29 April 2022.

### BUSINESS REVIEW

In the period under review, the overall revenue and results of the Group were principally derived from its operating segment in property rental generated from its investment properties in mainland China (the revenue of which was denominated in RMB), which performance improved in terms of appreciation in fair value as compared with those of the last corresponding period as a result of better infrastructure nearby and stable business environment and positive leasing sentiment under effective containment of the COVID-19 pandemic in mainland China.

The rental income of the Group generated from its investment properties in two major cities, Shanghai and Beijing, was in the amount of RMB35,499,000 (2020: RMB36,852,000), showing a drop of about 4% as compared with that of last corresponding period. Such rental income presented in the financial statements in the sum of HK\$42,989,000 (2020: HK\$42,337,000), which represented all (2020: all) of the consolidated revenue income of the Group in the period. The fair value of the investment properties of the Group, which comprised shopping malls, car parks and other certain properties in Beijing and office units in Shanghai, recorded an increase in the sum of RMB39,671,000 or equivalent to HK\$48,041,000 (2020: a decrease of RMB73,700,000 or equivalent to HK\$84,669,000) in the period under improved infrastructure nearby and market sentiment. As such, the results of property rental segment recorded a profit of RMB64,141,000 (2020: a loss of RMB46,270,000), presenting in a profit of HK\$77,675,000 (2020: a loss of HK\$53,156,000). Excluding the effects of the changes in fair value of these investment properties and related tax effect, the underlying segment results recorded a profit of RMB24,471,000 (2020: RMB27,430,000), showing a drop of about 11% as compared with that of the last corresponding period.

## MANAGEMENT STATEMENT *(Continued)*

### BUSINESS REVIEW *(Continued)*

In Beijing, the rental income generated from the well-established community mall of the Group in Chaoyang District increased together with average occupancy rate about 79% (2020: 78%) throughout the period. The rental income of this segment in the period totaled RMB13,606,000 (2020: RMB11,460,000) showing a rise of about 19%, as compared with that of the last corresponding period. It translated into HK\$16,477,000 (2020: HK\$13,165,000) which accounted for 38% (2020: 31%) of the total revenue of the Group. The rise of rental income is mainly due to gradual recovery in consumption with consumer' confidence after swift control of pandemic. Meanwhile, the fair value of these investment properties slightly increased in the sum of RMB6,730,000 (2020: devalued RMB13,700,000), translating into HK\$8,150,000 (2020: devalued HK\$15,739,000). After taking into account of the changes in fair value of these investment properties and relevant costs, a profit of HK\$17,838,000 (2020: a loss of HK\$5,505,000) was recorded in the segment results in the period.

In Shanghai, the quality offices of the Group known as “Eton Place” located in core financial district of Little Lujiazui in Pudong had an average occupancy rate of about 80% (2020: 77%) in the period, whereas the rental income was in the sum of RMB21,893,000 (2020: RMB25,392,000), showing a drop of about 14%, as compared with that of the last corresponding period. It translated into HK\$26,512,000 (2020: HK\$29,172,000) which accounted for 62% (2020: 69%) of the total revenue of the Group in the period. The drop in rental income was due to keen competition of office leasing and relocation of major tenants under supply influx particularly in decentralised areas. In the period, with the opening of new metro line and station and the improved infrastructure nearby, the prime location of Eton Place has been further enhanced. As such, the fair value of which increased in the sum of RMB32,941,000 (2020: devalued RMB60,000,000), translating to HK\$39,892,000 (2020: devalued HK\$68,930,000). After taking into account of the changes in fair value of these investment properties and relevant costs, the above segment recorded a profit of HK\$59,837,000 (2020: loss of HK\$47,651,000) in the period.



## MANAGEMENT STATEMENT *(Continued)*

### BUSINESS REVIEW *(Continued)*

During the period under review, Shenzhen Zhen Wah Harbour Enterprises Ltd. (“**Zhen Wah**”, a joint venture in which the Company holds 49%), which holds interests in a piece of land located in Tung Kok Tau, Nanshan District, Shenzhen (the “**Existing Land**”), continued its proceedings of compulsory liquidation (the “**Compulsory Liquidation**”) commencing in July 2016 under supervision of Shenzhen Intermediate People’s Court of Guangdong Province (廣東省深圳市中級人民法院) (the “**Court**”) and management of a liquidation committee (the “**Liquidation Committee**”) as appointed by the Court.

In the period, the Group continued to closely monitor the Compulsory Liquidation with the assistance of its legal advisers. Meanwhile, the Group worked actively with the Liquidation Committee, relevant official authorities and Chinese joint venture partner regarding the Compulsory Liquidation, re-zoning, reclamation and outstanding issues of the Existing Land for swap of the land (the “**Land Swap**”) by virtue of the official agreement for the Land Swap (the “**Agreement**”) previously entered into between 深圳市規劃和自然資源局南山管理局 (Nanshan Administration of Shenzhen Municipal Bureau of Planning and Natural Resources) (the “**Bureau**”) and Zhen Wah in 2019 in accordance with the relevant laws and regulations. In the period, Zhen Wah has entered into the supplemental agreement to the Agreement with the Bureau to conclude the outstanding issues including but not limited to reclamation issue and charges for the Land Swap, in return for signing the land use right transfer agreement for the New Land to Zhen Wah.

Pursuant to the Agreement and its supplemental agreement, Zhen Wah and the Bureau agreed to the Land Swap such that the Existing Land was surrendered to the Bureau (the “**Surrender Land**”) in return for a new piece of land situated in Tung Kok Tau, Nanshan District, Shenzhen (the “**New Land**”), to be granted by the Bureau to Zhen Wah without additional land premium payable subject to the terms and conditions as set out therein.

## MANAGEMENT STATEMENT *(Continued)*

### BUSINESS REVIEW *(Continued)*

In the period, the Group kept on working closely with the relevant parties for various appropriate applications and approvals as required for the Land Swap in accordance with the Agreement after delivery of vacant possession of the Surrender Land, and in alignment with city planning near the New Land including but not limited to an opera house project and metro lines and station nearby. The New Land comprises two adjoining plots of land with total site area of approximately 109,000 square metres and land usage as residential, commercial including office and supporting ancillary facilities, of which the total developable gross floor area is approximately 395,000 square metres for multi-purpose development.

As disclosed in the last annual report, an agreement with the relevant official authorities was concluded for demolition, relocation and compensation of those buildings, erections and equipment on the Surrender Land (the “**Relocation Compensation Agreement**”) subject to, among others, settlement of any economic disputes between Zhen Wah with ex-tenant(s) or any third party(ies) arising therefrom in accordance with the relevant applicable laws, regulations and rules of the People’s Republic of China (the “**PRC**”). In May 2021, an ex-tenant had lodged an administrative proceeding with the Court against the relevant official authorities concerning with the Surrender Land as defendants and joining Zhen Wah as a third party, opposing the Relocation Compensation Agreement and claiming for compensation. In the period, the said administrative proceeding was subsequently subdivided by several separate new administrative proceedings in accordance with the relevant administrative procedure law by the ex-tenant as the plaintiff, each of which Zhen Wah was named as a third party. The reasons for claiming for compensation remained unchanged. As advised by the Liquidation Committee and the Group’s PRC legal adviser, Zhen Wah has defence to the claims under the administrative proceedings on the basis that the claims are lacking in factual and legal basis. The Liquidation Committee together with the Group and the Chinese partner of Zhen Wah will closely monitor the development of the administrative proceedings and take appropriate actions as and when necessary, based on the advice of its PRC legal adviser.

As further announced on 19 January 2022, the Court accepted the application lodged by the Liquidation Committee to further extend the period of Compulsory Liquidation of Zhen Wah for six months up to July 2022.

### FINANCIAL REVIEW

#### *Capital Structure*

The financial position of the Group remains sound and liquid, and its financing and treasury policies are managed and controlled at the corporate level and in a prudent manner during the period. The main objective is to utilise the Group's funds efficiently and to manage the financial risks effectively. At 31 December 2021, the equity attributable to owners of the Company amounted to RMB1,841,031,000 (30 June 2021: RMB1,802,869,000) with net asset value per share of RMB7.75 (30 June 2021: RMB7.58), translating to HK\$2,251,750,000 (30 June 2021: HK\$2,166,702,000) with net asset value per share of HK\$9.47 (30 June 2021: HK\$9.12). Total bank borrowings of the Group amounted to about HK\$93,749,000 (30 June 2021: HK\$95,667,000), which were secured in Hong Kong dollars and repayable within two years on floating rate basis. As at 31 December 2021, the gearing ratio of the Group was 4.2% (30 June 2021: 4.4%) based on the total debt of the Group to its equity attributable to owners of the Company. The exposure to foreign currency fluctuations affected the Group in the period under review was mainly the appreciation of RMB against HKD, resulting in the net exchange gain of HK\$1,238,000 (six months ended 31 December 2020: HK\$5,995,000) and exchange difference on translation functional currency of RMB to presentation currency of HKD, amounting to other comprehensive income of HK\$39,663,000 (six months ended 31 December 2020: HK\$172,215,000) for the period under review. No financial instruments were used for hedging purpose in the period. The Group will continue to closely monitor the impact of fluctuation of RMB in order to minimise its adverse impact.

## MANAGEMENT STATEMENT *(Continued)*

### FINANCIAL REVIEW *(Continued)*

#### *Financial Resources and Liquidity*

In the period under review, there was sufficient cashflow as generated by rental revenue of investment properties in Shanghai and Beijing. As at 31 December 2021, the bank balance and cash and fixed bank deposits of the Group stood at HK\$324,728,000 (30 June 2021: HK\$311,172,000) in aggregate and denominated primarily in RMB. With sufficient cashflow, the Group maintained un-utilised credit facilities of HK\$11,000,000 (30 June 2021: HK\$11,000,000) as working capital at floating interest rate. The Group's net current assets amounted to HK\$206,416,000 (30 June 2021: HK\$198,291,000) with current ratio of 2.28 as at 31 December 2021 (as at 30 June 2021: 2.28). And no significant capital expenditure commitments and authorisations was made in the period.

#### *Pledge of Assets and Contingent Liabilities*

As at 31 December 2021, the Group pledged its properties with a total carrying value of HK\$861,057,000 (30 June 2021: HK\$805,211,000), an assignment of rental and sale proceeds from such properties and a charge over shares in respect of a wholly-owned subsidiary of the Group to financial institutions as security against general banking facilities granted to the Group, and also pledged certain of its bank deposits in the sum of HK\$28,398,000 (30 June 2021: HK\$28,362,000) to banks to secure banking facilities and home loans granted to the home buyers of property project of the Group. As at the end of the reporting period, the Group has given guarantees in respect of settlement of home loans provided by banks to the home buyers of a property project in Beijing. As at 31 December 2021, the Group had given guarantees in respect of such home loans of HK\$39,000 (30 June 2021: HK\$71,000). The Directors of the Company consider that the fair values of these financial guarantee contracts at their initial recognition and at the end of the reporting period are insignificant on the basis of the low loan ratio.

### PROSPECTS

Looking forward, the economic growth in China will face challenges related to sporadic COVID-19 outbreaks with strict curbs, downturn of property market and crackdown on debts and financing in mainland China as well as global economic downside risk. Yet, it is believed that China will adopt expedient official effort associated with fiscal, monetary, economic and social measures to leverage its huge domestic market and rising urbanisation rate under low-carbon economy, focusing on a robust domestic demand, digital innovation and infrastructural development to boost reliance on consumption and services that will underpin leasing activities of office and retail sectors.

In Beijing, it is expected that the 2022 Winter Olympics will make white economy boom and retail momentum in winter-themed activities and consumption. On the other hand, the official double reduction policies for after-school training centers and institutions will suppress the leasing rental and occupancy of the mall of the Group. To safeguard tenants and maintain occupancy rate and recurring revenue, the Group will endeavor to actively adjust leasing and marketing strategies, to revamp brand's portfolios and leasing services alongside with competitive and effective rental strategies to attract new retailers/tenants and retain existing retailers/tenants.

In Shanghai, with the development of new business districts and supply influx in decentralised areas, it is expected that the net demand for office space in core business districts will continuously encounter keen competition, putting pressure on office rental income on core business location such as Lujiazui, overall occupancy and rental growth. Yet, it is believed that the new metro line and station near Eton Place opened in the period will enhance its prime location for leasing. Meanwhile, the Group will continue to deploy its competitive and effective rental strategies from time to time to attract new tenants and retain existing tenants so as to enhance our rental level and leasing rate.

## MANAGEMENT STATEMENT *(Continued)*

### PROSPECTS *(Continued)*

The metropolis Shenzhen, being the official Shenzhen Demonstration Pilot Zone and high-tech hub with recent unveiled reform for greater economic autonomy across finance, data, transport, medicine and health, education and culture, is expected to pioneer as a world-class center of cutting-edge innovation, entrepreneurship and advanced technology with high-quality development under official support, and act as the core engine for the development of Guangdong-Hong Kong-Macao Greater Bay Area. Meanwhile, the Shenzhen government implemented a series tightening policies on property market to soften market sentiment, with a long-term mechanism for the smooth functioning and healthy development of the property market. Overall, the outlook for Shenzhen's property market is expected to remain positive, supported by the strong economic and demographics fundamentals. This will enhance the sustainable development value of the New Land in Tung Kok Tau, Nanshan District, Shenzhen. The Group will continue to act proactively for safeguarding the best interests of the Company in relation to Zhen Wah and its assets. It will keep on adopting the best available measures and take expedient action with a view to protecting the Company's best interests in the context of the Compulsory Liquidation. The Group will closely monitor the development of the Compulsory Liquidation and continue to seek PRC legal advice and to further strive for the best interest of the Group in Zhen Wah and its assets.

Meanwhile, the Group will continue to work with the relevant parties to monitor and procure the progress of Land Swap and to optimise city planning of the New Land in line with the projects of opera house and infrastructure nearby. However, there is no assurance that the Land Swap can be completed without further significant delay and impediments, or that the execution of the relevant land contract will not arise.

Based on the PRC legal advice received by the Group, assets of Zhen Wah will eventually be sold by way of public auction or disposed of by other applicable means subject to endorsement of the PRC court upon receipt of proposal of the Liquidation Committee in accordance with the PRC laws, and any surplus (after settlement of all relevant liabilities including taxation) will be distributed to the joint venture partners in accordance with their equity contributions. However, the issues involved in the Compulsory Liquidation are complex and sophisticated, involving not only the PRC court but also various government authorities. There is no assurance that the Compulsory Liquidation will not be subject to significant delay, oppositions, obstructions and further dispute or litigation with respect to the matters of Zhen Wah and/or its assets.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 6 April 2022 to Friday, 8 April 2022 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 4 April 2022.

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 31 December 2021, the interests and short positions held by the Directors or the chief executive(s) of the Company or any of their associates in the shares of the Company (the "Shares"), shares of any of its associated corporations and underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Name of Director	Number of issued ordinary Shares held (long position)			Aggregate interests	Total interests as approximate percentage of issued share capital (note iv)
	Personal interests	Family interests	Other interests (note iii)		
Dr. TAN Lucio C. (note i)	2,190,000	2,190,000	89,321,279	93,701,279	39.42%
Mr. CHIU Siu Hung, Allan	1,000,000	-	-	1,000,000	0.42%
Mrs. TAN Carmen K. (note ii)	2,190,000	2,190,000	89,321,279	93,701,279	39.42%
Mr. PASCUAL Ramon Sy	1,582,000	-	-	1,582,000	0.67%
Mr. CHONG Kim Chan, Kenneth	1,000,000	-	-	1,000,000	0.42%
Mr. GO Patrick Lim	300,000	-	-	300,000	0.13%

## MANAGEMENT STATEMENT *(Continued)*

### DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

*(Continued)*

- Notes:*
- i. Dr. TAN Lucio C. was deemed to be interested in 89,321,279 Shares as founder of a private discretionary trust. Dr. TAN was deemed to be interested in 2,190,000 Shares held by his spouse, Mrs. TAN Carmen K., as family interests under Part XV of the SFO.
  - ii. Mrs. TAN Carmen K. was deemed to be interested in 89,321,279 Shares which her spouse, Dr. TAN Lucio C., was interested in as founder of a private discretionary trust, and 2,190,000 Shares held by Dr. TAN Lucio C. as family interests under Part XV of the SFO.
  - iii. The references to the 89,321,279 Shares in which Dr. TAN Lucio C. and Mrs. TAN Carmen K. were interested in or taken to be interested in relate to the same block of Shares.
  - iv. The calculation is derived from the aggregate interests as a percentage of the total number of issued Shares of the Company (i.e. 237,703,681 Shares) as at 31 December 2021.

Save as disclosed above, as at 31 December 2021, none of the Directors, the chief executive(s) of the Company or any of their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

Save as disclosed above, none of the Directors, the chief executive(s) of the Company or any of their associates had been granted or exercised any rights to subscribe for any equity or debt securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) during the six months ended 31 December 2021.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of the Directors of the Company, all the Directors confirmed that they had complied with the required standards of dealings as set out therein during the six months ended 31 December 2021.



## MANAGEMENT STATEMENT *(Continued)*

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 31 December 2021, so far as is known to any Director or chief executive(s) of the Company, persons (other than the Directors or the chief executive(s) of the Company) who had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name	Capacity	Number of issued ordinary Shares held (long position)	Total interests (long position)	Total interests as approximate percentage of issued share capital <i>(note ii)</i>
Zedra Asia Limited	Trustee of a private discretionary trust <i>(note i)</i>	89,321,279	89,321,279	37.58%

- Notes:*
- Zedra Asia Limited was taken to be interested in 89,321,279 Shares held by Dynamic Development Corporation, the entire issued share capital of which was held by Zedra Asia Limited as trustee for a private discretionary trust.
  - The calculation is derived from the aggregate interests as a percentage of the total number of issued Shares of the Company (i.e. 237,703,681 Shares) as at 31 December 2021.

Save as disclosed above, as at 31 December 2021, no other person (other than the Directors and the chief executive(s) of the Company) had any interests or short positions in the Shares and underlying Shares recorded in the register required to be kept by the Company under Section 336 of the SFO.

## MANAGEMENT STATEMENT *(Continued)*

### EMOLUMENT POLICY

Both the emoluments of the respective Directors of the Company and the emolument policy of the employees of the Group are recommended by the remuneration committee of the Company. They are on the basis of the respective merits, responsibilities and duties, performance, qualifications and competence, taking into account of comparable market level, operating results of the Group, corporate goals and objectives of the Board of Directors and relevant legal requirements, provisions, guidelines and recommendations of regulatory bodies. At 31 December 2021, the Group had about 50 employees (including Directors) in Hong Kong and the mainland China at prevailing market remuneration with employee benefits such as medical insurance, provident fund schemes and share option schemes.

The Company has adopted share option schemes as incentive to Directors and eligible employees, details of the schemes are set out in note 15 to the condensed consolidated financial statements.

### DISCLOSURE UNDER RULE 13.22 OF THE LISTING RULES

Details of advances given to an affiliated company as at 31 December 2021, which exceeded 8% under the assets ratio as defined under rule 13.16 of the Listing Rules are as follows:

Affiliated company	Percentage of equity held by the Group	Amount of advances at 31 December 2021 HK\$'000 (Unaudited)
Shenzhen Zhen Wah Harbour Enterprises Ltd. ("Zhen Wah") (Note)	49%	253,279

*Note:* The operation period of Zhen Wah expired on 16 January 2014. Thereafter, Zhen Wah ceased its operation and is now in the process of liquidation. The advances to Zhen Wah by the Group have been accounted for as amount due from a joint venture, details of which are disclosed in note 11 to the condensed consolidated financial statements. The amount of advances are unsecured and to be repayable after the next twelve months from the end of the reporting period.

## MANAGEMENT STATEMENT *(Continued)*

### DISCLOSURE UNDER RULE 13.22 OF THE LISTING RULES *(Continued)*

Pursuant to the continuing disclosure requirements under rule 13.22 of the Listing Rules, the statement of financial position of the above affiliated company, Zhen Wah, and the attributable interests of the Group in Zhen Wah as at 31 December 2021 are disclosed as follows:

	Statement of financial position <i>HK\$'000</i> (Unaudited)	Group's attributable interests <i>HK\$'000</i> (Unaudited)
Non-current assets	278,882	136,652
Current assets	71,044	34,812
Current liabilities	(114,938)	(56,320)
Non-current liabilities	(253,279)	(124,107)
Net liabilities	(18,291)	(8,963)

## CORPORATE GOVERNANCE

Throughout the six months ended 31 December 2021, the Company has applied the principles and has complied with the code provisions as set out in the Corporate Governance Code stipulated in Appendix 14 to the Listing Rules, save and except deviation from code provision F.2.2 (formerly E.1.2). At the annual general meeting of the Company held on 17 December 2021 (the “AGM”), the chairman of the Board was unable to attend the AGM due to travel restriction under COVID-19 pandemic. Meanwhile, management and external auditor of the Company together with the chairmen and/or members of the Board’s committees attended the AGM to answer relevant questions raised by and understand the views of the shareholders of the Company thereat.



## MANAGEMENT STATEMENT *(Continued)*

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

### AUDIT COMMITTEE

The audit committee of the Company has reviewed the accounting practices and principles adopted by the Group and discussed with the management as to auditing, risk management and internal control, corporate governance and financial reporting matters including the review of the unaudited condensed consolidated financial statement of the Group and this interim report for the six months ended 31 December 2021.

By Order of the Board  
**CHIU Siu Hung, Allan**  
*Chief Executive Officer*

Hong Kong, 25 February 2022

# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

# Deloitte.

# 德勤

TO THE BOARD OF DIRECTORS OF DYNAMIC HOLDINGS LIMITED

達力集團有限公司

*(incorporated in Bermuda with limited liability)*

## INTRODUCTION

We have reviewed the condensed consolidated financial statements of Dynamic Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 21 to 40, which comprise the condensed consolidated statement of financial position as of 31 December 2021 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong  
25 February 2022

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2021

	Notes	Six months ended 31 December	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
<b>Revenue</b>	3	<b>42,989</b>	42,337
Direct costs		<b>(13,088)</b>	(12,730)
<b>Gross profit</b>		<b>29,901</b>	29,607
Other income, gains and losses	4	<b>11,926</b>	19,384
Increase (decrease) in fair value of investment properties	10	<b>48,041</b>	(84,669)
Administrative expenses		<b>(22,655)</b>	(23,188)
Selling expenses		<b>(339)</b>	(271)
Finance costs	5	<b>(920)</b>	(985)
Share of loss of a joint venture		<b>(5,565)</b>	(3,851)
<b>Profit (loss) before taxation</b>	6	<b>60,389</b>	(63,973)
Taxation	7	<b>(11,271)</b>	29,874
<b>Profit (loss) for the period</b>		<b>49,118</b>	(34,099)
<b>Other comprehensive income</b>			
<i>Item that will be reclassified to profit or loss:</i>			
Share of other comprehensive income of a joint venture		<b>1,560</b>	6,855
Exchange differences on translation of foreign operations		<b>38,103</b>	165,360
<b>Total comprehensive income for the period</b>		<b>88,781</b>	138,116

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

For the six months ended 31 December 2021

	<i>Note</i>	Six months ended 31 December	
		2021	2020
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
<b>Profit (loss) for the period attributable to:</b>			
Owners of the Company		<b>48,534</b>	(34,086)
Non-controlling interests		<b>584</b>	(13)
		<b>49,118</b>	(34,099)
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		<b>87,425</b>	134,950
Non-controlling interests		<b>1,356</b>	3,166
		<b>88,781</b>	138,116
<b>Earnings (loss) per share</b> <i>(Hong Kong cents)</i>			
Basic	9	<b>20.42</b>	(14.34)



# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

		At 31 December 2021 HK\$'000 (Unaudited)	At 30 June 2021 HK\$'000 (Audited)
<b>Non-current Assets</b>			
Property, plant and equipment		2,185	2,402
Right-of-use assets		4,585	5,651
Investment properties	10	2,162,708	2,074,921
Interest in a joint venture	11	87,826	91,831
Amount due from a joint venture	11	253,279	242,129
Other asset		1,467	1,441
		<b>2,512,050</b>	<b>2,418,375</b>
<b>Current Assets</b>			
Trade and other receivables and prepayments	12	13,734	12,302
Amount due from a non-controlling shareholder		935	919
Pledged bank deposits		28,398	28,362
Fixed bank deposits		85,067	101,558
Bank balances and cash		239,661	209,614
		<b>367,795</b>	<b>352,755</b>
<b>Current Liabilities</b>			
Trade and other payables	13	57,230	51,641
Lease liabilities		2,525	2,283
Tax payable		97,793	96,706
Bank loan – due within one year		3,831	3,834
		<b>161,379</b>	<b>154,464</b>
<b>Net Current Assets</b>		<b>206,416</b>	<b>198,291</b>
<b>Total Assets less Current Liabilities</b>		<b>2,718,466</b>	<b>2,616,666</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

At 31 December 2021

	Note	At 31 December 2021 HK\$'000 (Unaudited)	At 30 June 2021 HK\$'000 (Audited)
<b>Capital and Reserves</b>			
Share capital	14	237,704	237,704
Reserves		2,014,046	1,928,998
<b>Equity attributable to owners of the Company</b>		<b>2,251,750</b>	2,166,702
<b>Non-controlling interests</b>		<b>44,621</b>	43,265
<b>Total Equity</b>		<b>2,296,371</b>	2,209,967
<b>Non-current Liabilities</b>			
Lease liabilities		2,134	3,506
Bank loan – due after one year		89,918	91,833
Deferred tax liabilities		314,423	299,809
Long-term rental deposits received		15,620	11,551
		<b>422,095</b>	406,699
		<b>2,718,466</b>	2,616,666

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2021

	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000 (Note a)	Capital redemption reserve HK\$'000	Translation reserve HK\$'000	Other reserve HK\$'000 (Note b)	Statutory reserve HK\$'000 (Note c)	Retained profits HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 July 2021 (audited)	237,704	438,475	55,018	1,644	289,586	92,451	9,834	1,041,990	2,166,702	43,265	2,209,967
Profit for the period	-	-	-	-	-	-	-	48,534	48,534	584	49,118
Share of other comprehensive income of a joint venture	-	-	-	-	1,560	-	-	-	1,560	-	1,560
Exchange differences arising on translation of foreign operations	-	-	-	-	37,331	-	-	-	37,331	772	38,103
Total comprehensive income for the period	-	-	-	-	38,891	-	-	48,534	87,425	1,356	88,781
Transfer from other reserve	-	-	-	-	-	-	(73)	73	-	-	-
Dividends recognised as distribution (note 8)	-	-	-	-	-	-	-	(2,377)	(2,377)	-	(2,377)
<b>At 31 December 2021 (unaudited)</b>	<b>237,704</b>	<b>438,475</b>	<b>55,018</b>	<b>1,644</b>	<b>328,477</b>	<b>92,451</b>	<b>9,761</b>	<b>1,088,220</b>	<b>2,251,750</b>	<b>44,621</b>	<b>2,296,371</b>
At 1 July 2020 (audited)	237,704	438,475	55,018	1,644	94,471	92,451	9,878	1,058,388	1,988,029	37,287	2,025,316
Loss for the period	-	-	-	-	-	-	-	(34,086)	(34,086)	(13)	(34,099)
Share of other comprehensive income of a joint venture	-	-	-	-	6,855	-	-	-	6,855	-	6,855
Exchange differences arising on translation of foreign operations	-	-	-	-	162,181	-	-	-	162,181	3,179	165,360
Total comprehensive income (expense) for the period	-	-	-	-	169,036	-	-	(34,086)	134,950	3,166	138,116
Transfer from other reserve	-	-	-	-	-	-	(196)	196	-	-	-
At 31 December 2020 (unaudited)	237,704	438,475	55,018	1,644	263,507	92,451	9,682	1,024,498	2,122,979	40,453	2,163,432

## Notes:

- The special reserve of the Group arose from the difference between the aggregate amount of the then share capital, share premium, general reserve and retained profits of the subsidiaries acquired, and the nominal amount of the Company's shares issued for the acquisition in relation to a previous group reorganisation.
- The other reserve of the Group represents deemed contributions from equity holders of the Company which arose from the difference between the fair value of consideration paid and payable and the net fair value of the identifiable assets, liabilities and contingent liabilities acquired through acquisition of the subsidiaries during the year ended 30 June 2006.
- The statutory reserve transferred from retained profits are required by relevant People's Republic of China (the "PRC") laws and regulations applicable to the Company's PRC subsidiary. The amount should not be less than 10% of the profit after tax as recorded in the statutory financial statements unless the aggregate amount exceeds 50% of the registered capital.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2021

	Six months ended 31 December	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Net cash from operating activities</b>	<b>12,423</b>	26,766
<b>Net cash generated from investing activities</b>		
Withdrawal of pledged bank deposits	58,180	1,530
Withdrawal of fixed bank deposits	18,893	34,464
Interest received	3,296	2,584
Purchase of property, plant and equipment	(61)	(11)
Placement of fixed bank deposits	(604)	(1,290)
Addition of investment properties	(2,494)	–
Placement of pledged bank deposits	(58,487)	–
	<b>18,723</b>	37,277
<b>Net cash used in financing activities</b>		
Repayment of bank loan	(2,000)	(2,000)
Repayment of lease liabilities	(1,232)	(1,159)
Interest paid	(832)	(828)
	<b>(4,064)</b>	(3,987)
<b>Net increase in cash and cash equivalents</b>	<b>27,082</b>	60,056
<b>Cash and cash equivalents at beginning of the period</b>	<b>209,614</b>	134,292
<b>Effect of foreign exchange rate changes</b>	<b>2,965</b>	4,501
<b>Cash and cash equivalents at end of the period, represented by bank balances and cash</b>	<b>239,661</b>	198,849

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties, which are measured at their fair values.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 December 2021 are the same as those presented in the Group’s annual financial statements for the year ended 30 June 2021.

### *Application of amendments to HKFRSs*

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 July 2021 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

Except as described below, the application of the amendments to HKFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2021

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

*Application of amendments to HKFRSs (Continued)*

### 2.1 *Impacts and accounting policies on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 “Interest Rate Benchmark Reform – Phase 2”*

#### 2.1.1 *Accounting policies*

Financial instruments

#### Changes in the basis for determining the contractual cash flows as result of interest rate benchmark reform

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately preceding the change).

#### 2.1.2 *Transition and summary of effects*

As at 1 July 2021, the Group has bank borrowings with carrying amount of HK\$95,667,000, the interest of which is indexed to HKD Hong Kong Interbank Offered Rate that will or may be subject to interest rate benchmark reform.

The Group intends to apply practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for bank borrowing measured at amortised cost. The amendments have had no impact on the condensed consolidated financial statements as none of the contracts related to the bank borrowings have been transitioned to the relevant replacement rates during the interim period. The impacts on application of the amendments, if any, including additional disclosures, will be reflected in the Group’s consolidated financial statements for the year ending 30 June 2022.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2021

### 3. REVENUE AND SEGMENT INFORMATION

Information reported to the board (the “Board”) of directors (the “Directors”) of the Company, being the chief operating decision maker, for the purpose of resource allocation and assessment of performance focused on the location of the properties for property rental.

The property rental segment includes property leasing operation in the People’s Republic of China (the “PRC”). The Group’s investment properties portfolio, which mainly consists of offices, shopping mall and carparks, are located in Shanghai and Beijing, the PRC.

The revenue from property rental includes variable lease payments that do not depend on an index or a rate of HK\$1,452,000 (2020: HK\$1,975,000), the remaining amounts are lease payments that are fixed.

Property rental analysed based on distinct geographical locations, is the basis on which the Group reports its segment information under Hong Kong Financial Reporting Standard 8 “Operating Segments”.

The following is an analysis of the Group’s revenue and results by reportable and operating segment for the period:

	Property rental				Consolidated	
	Beijing		Shanghai		2021	2020
	Six months ended 31 December (Unaudited)					
2021	2020	2021	2020	HK\$'000	HK\$'000	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>SEGMENT REVENUE</b>						
<b>REVENUE</b>						
External sales	16,477	13,165	26,512	29,172	42,989	42,337
<b>SEGMENT RESULT</b>	17,838	(5,505)	59,837	(47,651)	77,675	(53,156)
Unallocated other income, gains and losses					11,446	16,152
Unallocated corporate expenses					(22,247)	(22,133)
Finance costs					(920)	(985)
Share of loss of a joint venture					(5,565)	(3,851)
Profit (loss) before taxation					60,389	(63,973)

The accounting policies of the operating segments are the same as the Group’s accounting policies. Segment result represents the profit (loss) from each segment without the allocation of central administration costs, certain other income, gains and losses (mainly including exchange gain, net, bank interest income, imputed interest income on amount due from a joint venture and others), finance costs and share of loss of a joint venture. This is the measure reported to the Board of the Company for the purposes of resources allocation and performance assessment.

No segment of assets and liabilities are presented as no discrete financial information is available.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2021

### 4. OTHER INCOME, GAINS AND LOSSES

	Six months ended 31 December	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Included in other income, gains and losses are:		
Bank interest income	3,072	2,499
Exchange gain, net	1,238	5,995
Imputed interest income on amount due from a joint venture	6,911	6,932
Government grants	–	516
	<b>–</b>	<b>–</b>

### 5. FINANCE COSTS

	Six months ended 31 December	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank loan	821	961
Interest on lease liabilities	99	24
	<b>920</b>	<b>985</b>



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2021

### 6. PROFIT (LOSS) BEFORE TAXATION

	Six months ended 31 December	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit (loss) before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	323	270
Depreciation of right-of-use assets	1,155	1,196
Expenses relating to short-term leases	425	339
	<b>1,903</b>	<b>1,805</b>

### 7. TAXATION

	Six months ended 31 December	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
The tax charge (credit) comprises:		
Current tax in the PRC (other than Hong Kong)		
Current period	2,059	2,204
Deferred tax charge (credit)	9,212	(32,078)
	<b>11,271</b>	<b>(29,874)</b>

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Group has no assessable profit for both periods.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the Group’s PRC subsidiary is 25% for both periods.

Certain subsidiaries of the Company incorporated in Hong Kong and the British Virgin Islands are subject to withholding tax ranging from 10% to 25% on their taxable rental income, management fee income and interest income in the PRC.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2021

### 8. DIVIDENDS

During the current interim period, a final dividend of 1 Hong Kong cent per share in respect of the year ended 30 June 2021 (2020: no dividend in respect of the year ended 30 June 2020) was declared to the owners of the Company.

Subsequent to the end of the current interim period, the Directors of the Company have determined that an interim dividend of 0.5 Hong Kong cents per share amounting to HK\$1,189,000 in aggregate (2020: HK\$2,377,000) will be paid to the owners of the Company whose names appear in the register of members of the Company on 8 April 2022.

### 9. EARNINGS (LOSS) PER SHARE

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

	Six months ended 31 December	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Earnings (loss)</b>		
Earnings (loss) for the purposes of basic earnings (loss) per share (profit (loss) for the period attributable to owners of the Company)	<b>48,534</b>	(34,086)
	Six months ended 31 December	
	2021	2020
	(Unaudited)	(Unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	<b>237,703,681</b>	237,703,681

Diluted earnings (loss) per share is not presented for the six months ended 31 December 2021 and 2020 as there was no potential ordinary share outstanding during both periods.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2021

### 10. INVESTMENT PROPERTIES

	<i>HK\$'000</i>
<b>FAIR VALUE</b>	
At 1 July 2021 (audited)	2,074,921
Addition	2,494
Exchange realignment	37,252
Increase in fair value of investment properties	48,041
<b>At 31 December 2021 (unaudited)</b>	<b>2,162,708</b>

The fair value of the Group's investment properties (including residential, commercial and car park portion and office units) as at 31 December 2021 and 30 June 2021 has been arrived at on the basis of valuations carried out by independent professional valuers not connected with the Group with appropriate qualification and recent experience in the valuation of similar properties in the relevant locations. The valuation was arrived at with adoption of the direct comparison approach by making reference to comparable sales transactions as available in the market and where appropriate, adopted the investment method by capitalising the rental incomes of the properties derived from the existing tenancies with due allowance for the reversionary income potential of the properties. The revaluation gave rise to a net gain arising from increase in fair value of HK\$48,041,000 (six months ended 31 December 2020: net loss arising from decrease in fair value of HK\$84,669,000) which has been recognised in profit or loss. All the investment properties are situated in the PRC.

During the current interim period, the Group has paid and recognised replacement cost of HK\$2,494,000 as addition of investment properties (six months ended 31 December 2020: nil).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2021

### 11. INTEREST IN A JOINT VENTURE/AMOUNT DUE FROM A JOINT VENTURE

	At 31 December 2021 HK\$'000 (Unaudited)	At 30 June 2021 HK\$'000 (Audited)
Cost of investment, unlisted	206,179	206,179
Share of post-acquisition losses and reserves	(118,353)	(114,348)
	87,826	91,831
Amount due from a joint venture	253,279	242,129

Note:

Shenzhen Zhen Wah Harbour Enterprises Ltd. (“Zhen Wah”) was a sino-foreign equity joint venture company and indirectly held by the Company. The Group was able to exercise 50% voting power in the joint venture, which was determined by the proportion of the Group’s representatives in the board of directors of Zhen Wah.

The Group had lodged petitions for international arbitrations in respect of the dispute with the Chinese joint venture partner as to the percentages of equity interest held in Zhen Wah in prior years. Two arbitral proceedings were heard and two arbitral awards were made by China International Economic and Trade Arbitration Commission in 2008 and 2010.

Before the arbitrations, the Group injected RMB42,840,000 as investment cost to Zhen Wah, representing 80% of equity interests in Zhen Wah. Pursuant to the arbitral award made in 2008, the registered capital of Zhen Wah was confirmed to be RMB21,000,000, of which RMB10,290,000 and RMB10,710,000 were contributed by the Group and the Chinese joint venture partner, respectively, and that the equity interests of Zhen Wah were held by the Group and the Chinese joint venture partner as to 49% and 51%, respectively. The additional capital contribution of RMB32,550,000 by the Group was considered as advances to Zhen Wah by the Group.

Also, the arbitral award made in 2010 supported the distribution of profit arising from relevant income generated from a piece of land held by Zhen Wah located in Tung Kok Tau, Shenzhen, the PRC before re-development to which the Group is entitled being 80%.

The assets and liabilities of Zhen Wah were deconsolidated and the Group’s share of net assets and results in Zhen Wah had been accounted for as a joint venture under the equity method based on the Group’s 49% equity interest in Zhen Wah since the year ended 30 June 2009.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2021

### 11. INTEREST IN A JOINT VENTURE/AMOUNT DUE FROM A JOINT VENTURE (Continued)

Note: (Continued)

The distribution of profit arising from relevant income was accounted for under the equity method based on the Group's 49% equity interest in Zhen Wah. The additional share of 31% up to 31 December 2021 which has not been recognised by the Group amounted to HK\$10,368,000 (30 June 2021: HK\$10,368,000), as the Directors consider the result of the arbitration is subject to the agreement of the Chinese joint venture partner.

The operation period of Zhen Wah expired on 16 January 2014. Both joint venture partners of Zhen Wah determined not to extend its operation period and an application was lodged to liquidate Zhen Wah in prior years. The PRC court accepted the application for liquidation of Zhen Wah and appointed a law firm in the PRC as the liquidation committee of Zhen Wah in July 2016.

Based on the PRC laws and regulations and the related interpretations by an external PRC legal counsel engaged by the Group, after the expiry of the operation period and even under liquidation process, the legal identity of Zhen Wah still exists and the net assets of Zhen Wah will be distributed to the joint venture partners based on their equity contributions after the completion of the liquidation. The Directors expect that the liquidation process is not expected to complete within one year. Accordingly, the Directors continue to account for Zhen Wah as a joint venture of the Group using the equity method of accounting in these condensed consolidated financial statements.

The amount due from a joint venture is unsecured and repayable after the next twelve months from the end of the reporting period. The amount is carried at amortised cost at an effective interest rate of 6% (30 June 2021: 6%) per annum.

The Directors have assessed the recoverability of interest in a joint venture and amount due from a joint venture amounting to HK\$87,826,000 and HK\$253,279,000, respectively as at 31 December 2021. Based on the latest financial information and fair value of net assets of Zhen Wah, the Directors have concluded that the amounts will be fully recoverable.

Particulars of the joint venture as at 31 December 2021 and 30 June 2021 are as follows:

Name of joint venture	Place of establishment	The Group's equity interest	Principal activity
Shenzhen Zhen Wah Harbour Enterprises Ltd.	PRC	49%	Operation ceased (Note)

Note: The operation period of Zhen Wah expired on 16 January 2014. Thereafter, Zhen Wah ceased its operation and is now in the process of liquidation.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2021

### 12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

Rentals receivable from tenants are payable on presentation of invoices.

The following is an aged analysis of trade receivables of HK\$4,934,000 (30 June 2021: HK\$4,977,000), net of allowance for credit losses of HK\$1,905,000 (30 June 2021: HK\$1,942,000), presented based on invoice date at the end of the reporting period:

	At 31 December 2021 HK\$'000 (Unaudited)	At 30 June 2021 HK\$'000 (Audited)
0 – 30 days	2,865	2,817
31 – 60 days	113	118
61 – 90 days	–	63
More than 90 days	51	37
	<b>3,029</b>	<b>3,035</b>

As at 31 December 2021, included in the Group's trade receivable balances are debtors with a carrying amount of HK\$232,000 (30 June 2021: HK\$293,000) which are past due at the end of the reporting period for which the Group has not provided for credit loss as the management considers that the loss allowance on trade receivables are insignificant to the Group. The Group does not hold any collateral over these balances.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2021

### 13. TRADE AND OTHER PAYABLES

At 31 December 2021, the balance of trade and other payables included trade payables of HK\$4,313,000 (30 June 2021: HK\$2,794,000). The following is an aged analysis of trade payables based on the invoice date at the end of the reporting period:

	At 31 December 2021 HK\$'000 (Unaudited)	At 30 June 2021 HK\$'000 (Audited)
0 – 60 days	3,403	2,246
61 – 90 days	24	–
Over 90 days	886	548
	<b>4,313</b>	<b>2,794</b>

The other payables mainly include rental deposits received of HK\$10,820,000 (30 June 2021: HK\$17,132,000), receipt in advance of HK\$6,587,000 (30 June 2021: HK\$5,336,000) and other tax payable of HK\$6,886,000 (30 June 2021: HK\$6,813,000).

### 14. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$1.00 each		
Authorised:		
At 1 July 2020, 30 June 2021 and 31 December 2021	300,000,000	300,000
Issued and fully paid:		
At 1 July 2020, 30 June 2021 and 31 December 2021	237,703,681	237,704

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*(Continued)*

For the six months ended 31 December 2021

### 15. SHARE OPTION SCHEMES AND SHARE-BASED PAYMENTS

The Company previously adopted a share option scheme on 9 December 2011 (the “**2011 Scheme**”) and it was expired on 8 December 2021. On 17 December 2021, an ordinary resolution was passed by the shareholders at the annual general meeting of the Company approving the adoption of a new share option scheme (the “**2021 Scheme**”) which will expire on 16 December 2031. Both the 2011 Scheme and 2021 Scheme were adopted for the purpose of providing incentives to Directors, employees and eligible participants.

Under both the 2011 Scheme and 2021 Scheme, the Board of the Company may grant share options (the “**Options**”) to Directors, employees of the Company and its subsidiaries and such eligible participants at the discretion of the Board of the Company according to the terms thereof, to subscribe for shares of the Company (the “**Shares**”), at a price per Share not less than the highest of (i) the closing price of a Share as stated in the Stock Exchange’s daily quotation sheets on the date of grant of the relevant Option, which must be a trading day; (ii) the average of the closing price of a Share as stated in the Stock Exchange’s daily quotation sheets for the five trading days immediately preceding the date of grant of the relevant Option; and (iii) the nominal value of a Share.

The maximum number of Shares which may be issued upon exercise of all options to be granted under the share option schemes shall not in aggregate exceed 10% of the issued share capital of the Company at the date of the adoption of the relevant share option scheme. Under the 2021 Scheme, such 10% represents 23,770,368 Shares, which continue to represent about 10% of the issued share capital of the Company as at the date of this interim report. No Director, employee or eligible participant may exercise option(s) granted to him or her under the share option scheme if such exercise would result in him or her subscribing for more than 1% of the issued share capital of the Company as at the date of such new grant in any 12-month period. The option period for which the options granted are exercisable, shall be such period as notified by the Board of the Company, save that it shall not be more than ten years from the date of grant. The offer of a grant of share options may be accepted within 28 days from the date of the offer.

As at 30 June 2021, all share options under the 2011 Scheme had been exercised or lapsed.

During the six months ended 31 December 2021, no option under the 2011 Scheme and 2021 Scheme had been granted, exercised or lapsed.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2021

### 16. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The Group has given guarantees in respect of the settlement of home loans provided by banks to the home buyers of a property project in Beijing, the PRC. At 31 December 2021, the Group had given guarantees in respect of such home loans of HK\$39,000 (30 June 2021: HK\$71,000). The Directors consider that the fair values of these financial guarantee contracts at their initial recognition and at the end of the reporting period are insignificant on the basis of the low loan to value ratio.

### 17. RELATED PARTY DISCLOSURES

Other than those disclosed in notes 4 and 11, during the period, the Group has entered into the following transactions with related companies:

	Six months ended 31 December	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Rental income received	528	501
Other income received	225	209
Interest expenses on lease liabilities	99	24
Expenses relating to short-term leases	103	103
Repayment to lease liabilities	1,232	1,159
Management fees expenses	1,502	1,580
Consultancy service fees paid	1,100	1,100
Agency fees/administrative expenses paid	867	793

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2021

### 17. RELATED PARTY DISCLOSURES (Continued)

Other outstanding balances with the following related companies, which are unsecured, interest-free and repayable on demand, at 31 December 2021 and 30 June 2021, are as follows:

	At 31 December 2021 HK\$'000 (Unaudited)	At 30 June 2021 HK\$'000 (Audited)
Lease liabilities	4,659	5,789
Deposits due from related companies included in other receivables	526	526
Amounts due from related companies included in other receivables	1,894	2,871
Amounts due to related companies included in other payables	2,892	2,857
Amount due from a non-controlling shareholder	935	919

The related companies are companies controlled by certain Directors.

During the current interim period, the emoluments of key management personnel were HK\$1,258,000 (six months ended 31 December 2020: HK\$1,428,000).