



DYNAMIC HOLDINGS LIMITED

達力集團有限公司

(Incorporated in Bermuda with limited liability)

Stock Code : 29

2023/24
INTERIM REPORT





www.dynamic.hk



This interim report is printed on environmentally friendly paper.

CONTENTS

- 2 Corporate and Investor Information
- 4 Management Statement
- 19 Report on Review of Condensed Consolidated Financial Statements
- 21 Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
- 23 Condensed Consolidated Statement of Financial Position
- 25 Condensed Consolidated Statement of Changes in Equity
- 26 Condensed Consolidated Statement of Cash Flows
- 27 Notes to the Condensed Consolidated Financial Statements



CORPORATE AND INVESTOR INFORMATION

As at 28 February 2024

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
Certified Public Accountants
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 28 February 2024

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 HM 12
Bermuda

Branch Share Registrar

Tricor Tengis Limited
17/F, Far East Finance Centre
16 Harcourt Road
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	28 March 2024
Book-close Dates	2 April 2024 – 5 April 2024 (both days inclusive)
Record Date for Interim Dividend	5 April 2024
Payment of Interim Dividend	26 April 2024

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 2023, which have been reviewed by external auditor of the Company, Deloitte Touche Tohmatsu.

INTERIM RESULTS

For the six months ended 31 December 2023, the Group reported a total revenue of HK\$38,307,000 (2022: HK\$39,606,000) and gross profit of HK\$24,914,000 (2022: HK\$26,934,000), showing a decrease of revenue and gross profit about 3% and 7% respectively as compared with those of the previous corresponding period. The gross profit margin is about 65% (2022: 68%). These results were mainly attributable to 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, gain or loss in the net loss of HK\$24,000 (2022: gain of HK\$6,582,000), which arose mainly from reversal of imputed interest income of HK\$7,188,000 (2022: imputed interest income of HK\$6,380,000) on the amount due from a joint venture of the Group (the “**JV**”) in the mainland China, together with bank interest income of HK\$2,490,000 (2022: HK\$3,138,000) and net exchange gain of HK\$4,097,000 (2022: net exchange loss of HK\$4,494,000) due to the appreciation of RMB against Hong Kong dollar (“**HKD**” or “**HK\$**”) in the period. Furthermore, the Group recorded an aggregate decrease of HK\$13,338,000 (2022: HK\$10,812,000) in the fair value of the investment properties under subdued market sentiment in the period.

In addition, the Group shared substantial profit of the JV in the period, amounting to HK\$12,635,773,000 primarily arisen from the recognition of fair value gain of a piece of land distributed to the Group by the JV as announced by the Company on 20 December 2023. Further details are explained below.

Taking into account of the above-mentioned decrease in fair value of our investment properties, share of the profit of the JV in the period together with the related effect of deferred taxation, the Group recorded a profit for the period attributable to shareholders of the Company in the sum of HK\$5,365,693,000 (2022: HK\$1,476,000), with basic earnings per share of HK\$22.57 (2022: 0.62 Hong Kong cents).

MANAGEMENT STATEMENT *(Continued)*

INTERIM RESULTS *(Continued)*

In addition, due to exchange difference on translation to presentation currency in HKD from functional currency in RMB, which appreciated against HKD by about 1.71% (2022: devalued by 4.5%) in the period, the other comprehensive income was HK\$71,638,000 (2022: other comprehensive expense of HK\$92,204,000), and the total comprehensive income attributable to shareholders of the Company amounted to HK\$5,436,647,000 (2022: total comprehensive expense of HK\$88,954,000) in the period.

INTERIM DIVIDEND

The Directors have declared an interim dividend of 0.5 Hong Kong cents (six months ended 31 December 2022: 0.5 Hong Kong cents) per share for the six months ended 31 December 2023 to the shareholders of the Company whose names appear on the register of members on Friday, 5 April 2024. The warrants for the interim dividend are expected to be despatched to those entitled on or about Friday, 26 April 2024.

BUSINESS REVIEW

In the period under review, the overall revenue and segment results of the Group continued to derive from its operating segment in property rental generated from its investment properties in mainland China (the revenue of which was denominated in RMB). The performance of rental segment of the Group was primarily affected by the decreasing fair value as compared with those of the last corresponding period due to poor market sentiment of the property sector in mainland China. Meanwhile, the results of the Group recorded a significant fair value gain as a result of a piece of land in the mainland China distributed to the Group in the period, which was held as properties under development.

BUSINESS REVIEW (Continued)

The rental income of the Group generated from its investment properties in two major cities, Shanghai and Beijing, was in the amount of RMB34,995,000 (2022: RMB35,432,000), showing a slight drop of 1% income as compared with that of last corresponding period. Such rental income presented in the financial statements in the sum of HK\$38,307,000 (2022: HK\$39,606,000), which represented all (2022: 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 a decrease in the sum of RMB12,185,000 (equivalent to HK\$13,338,000) (2022: RMB9,673,000 (equivalent to HK\$10,812,000)) under subdued market sentiment in the period. As such, the results of property rental segment recorded a profit of RMB10,375,000 (equivalent to HK\$11,357,000) (2022: RMB14,131,000 (equivalent to HK\$15,796,000)). 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 RMB22,560,000 (equivalent to HK\$24,695,000) (2022: RMB23,804,000 (equivalent to HK\$26,608,000)).

In Beijing, the rental income generated from the well-established community mall of the Group in Chaoyang District increased together with average occupancy rate of about 85% (2022: about 79%) throughout the period. The rental income of this segment in the period totaled RMB13,588,000 (2022: RMB12,194,000) representing an increase of about 11%, as compared with that of the last corresponding period. It translated into HK\$14,874,000 (2022: HK\$13,631,000) which accounted for 39% (2022: 34%) of the total revenue of the Group. The increase of rental income was mainly due to improved occupancy rate and retailing sentiment in Beijing in the period. And the fair value of these investment properties slightly decreased in the sum of RMB2,283,000 (equivalent to HK\$2,499,000) (2022: RMB2,300,000 (equivalent to HK\$2,571,000)), and a profit of RMB4,611,000 (equivalent to HK\$5,048,000) (2022: RMB4,355,000 (equivalent to HK\$4,868,000)) was recorded in the segment results in the period. 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 RMB6,894,000 (equivalent to HK\$7,547,000) (2022: RMB6,655,000 (equivalent to HK\$7,439,000)).

MANAGEMENT STATEMENT *(Continued)*

BUSINESS REVIEW *(Continued)*

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 86% (2022: 87%) in the period, whereas the rental income was in the sum of RMB21,407,000 (2022: RMB23,238,000), representing a drop of about 8%, as compared with that of the last corresponding period. It translated into HK\$23,433,000 (2022: HK\$25,975,000) which accounted for 61% (2022: 66%) of the total revenue of the Group in the period. The drop in rental income was primarily due to the influx of new office supply for leasing in Shanghai and low net take-up rate in the office market under sluggish economy and tenants’ tight budget. In the period, the fair value of these investment properties decreased in the sum of RMB9,902,000 (equivalent to HK\$10,839,000) (2022: RMB7,372,000 (equivalent to HK\$8,241,000)), and a profit of RMB5,763,000 (equivalent to HK\$6,309,000) (2022: RMB9,776,000 (equivalent to HK\$10,928,000)) was recorded in the segment results in the period. 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 RMB15,665,000 (equivalent to HK\$17,148,000) (2022: RMB17,148,000 (equivalent to HK\$19,169,000)).

During the period under review, Shenzhen Zhen Wah Harbour Enterprises Ltd. (“**Zhen Wah**”, the JV in which the Company holds 49% of equity interests), which previously held interests in a piece of land located in Tung Kok Tau, Nanshan District, Shenzhen (the “**Previous Land**”), previously was under proceedings of compulsory liquidation (the “**Compulsory Liquidation**”) which commenced in July 2016 under supervision of Shenzhen Intermediate People’s Court of Guangdong Province (the “**Court**”) and management of a liquidation committee as appointed by the Court. Such proceeding had subsequently been withdrawn in May 2023 pursuant to a memorandum (the “**Memorandum**”) signed among the Group, the joint venture partner of Zhen Wah (“**JV Partner**”) and others in April 2023. The Group and the JV Partner jointly continued to work together to complete the Land Swap and Land Allocation (as defined below) on a joint and voluntary basis without the Court’s proceedings.

In the period, the Group continued to work actively with the JV Partner and the relevant official authorities in respect of a land swap (the “**Land Swap**”) that was to surrender the Previous Land to 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**”) in return for a new piece of land (the “**New Land**”) to be granted by the Bureau and division of the New Land into two plots of land nos. K709-0003 and K709-0004, to be allocated to the Group and JV Partner respectively (the “**Land Allocation**”) according to the Memorandum, relevant agreements, laws, regulations and procedures.

MANAGEMENT STATEMENT *(Continued)*

BUSINESS REVIEW *(Continued)*

As announced by the Company on 20 December 2023, Dynamic (B.V.I.) Limited (“**Dynamic BVI**”, a shareholder of Zhen Wah and a wholly-owned subsidiary of the Company) entered into 深圳市國有建設用地使用權出讓合同 (Shenzhen State-owned Construction Land Use Rights Transfer Contract) (the “**Group Land Transfer Contract**”) with the Bureau on 14 December 2023, in which the Bureau agreed to grant the land plot no. K709-0003 (the “**Group Allocated Land**”) to Dynamic BVI, while the JV Partner also entered into 深圳市國有建設用地使用權出讓合同 (Shenzhen State-owned Construction Land Use Rights Transfer Contract) with the Bureau, in which the Bureau agreed to grant the land plot no. K709-0004 (the “**JV Partner Allocated Land**”) to the JV Partner. A supplemental agreement to the Group Land Transfer Contract was entered into on 15 December 2023 between the Bureau, Dynamic BVI and 深圳市達力房地產開發有限公司 (Shenzhen Dynamic Real Estate Development Co., Ltd.) (“**Shenzhen Dynamic**”), a wholly-owned subsidiary of the Company established under the laws of the PRC, pursuant to which the Bureau had agreed that the land use rights of the Group Allocated Land to be changed from Dynamic BVI to Shenzhen Dynamic according to the relevant agreements, laws, regulations and procedures.

The Group Allocated Land (K709-0003) is located to the east of 後海大道 (Hou Hai Avenue), to the south of 蛇口新街 (Shekou New Street), to the north of 望海路 (Wang Hai Road) and to the west of the JV Partner Allocated Land, and has a site area of approximately 65,000 square metres and developable gross floor area of approximately 179,000 square metres (including 143,000 square metres for residential use and 29,000 square metres for commercial use and others for supporting ancillary facilities). The Group Allocated Land was for multi-purpose development, with 建設用地規劃許可證 (The Construction Land Planning Permit) and 不動產權證書 (Stated-owned Land Use Right Certificate) as issued by the Bureau to the Group in August 2023 and February 2024 respectively. The Group Allocated Land is held as properties under development.

MANAGEMENT STATEMENT *(Continued)*

BUSINESS REVIEW *(Continued)*

Moreover, the Group, JV Partner and Zhen Wah had settled the land premium which was paid by Zhen Wah to the Bureau in respect of the Previous Land for the purpose of the Land Allocation in accordance with the respective percentages of equity interests in Zhen Wah. Further, the Group recognised a fair value gain of the Group Allocated Land in the period under review in the sum of RMB11,537,708,000 (equivalent to HK\$12,629,669,000) as valued by an independent valuer. As such, the Group recognised a profit of Zhen Wah in the amount of RMB11,543,284,000 (equivalent to HK\$12,635,773,000) including the above fair value gain in the period, which was a non-cash item. In this connection, the Group has provided deferred tax in the sum of RMB6,623,071,000 (equivalent to HK\$7,249,897,000) to be settled when the properties of the Group Allocated Land are developed and being disposed of. It had been noted that there would be relevant substantial construction and development costs required to be incurred by the Group in connection with the Group Allocated Land in the future.

In the period under review, Zhen Wah repaid the Group's advances in the amount of RMB210,629,000 (equivalent to HK\$230,564,000) previously granted by the Group to it for payment of land premium of the Previous Land together with interest, which was funded by JV Partner pursuant to the Memorandum.

As further announced on 23 December 2023, there was historical disputes over Zhen Wah between the Group and JV Partner, including the change of equity interests from 80% to 49% in Zhen Wah in prior years (the “**Historical Disputes**”). Based on the PRC legal advice received by the Group, the Group was entitled to the distribution of profit arising from the relevant income generated from the Previous Land held by Zhen Wah before re-development, as supported in the arbitral award made in 2010 after arbitration between the Group and JV Partner in respect of the Historical Disputes. As such, the Group continued to act proactively and to seek PRC legal advice and to take expedient actions (including but not limited to litigation and/or arbitration) to further strive for the best interest of the Group in Zhen Wah and its assets in respect of the Historical Disputes.

MANAGEMENT STATEMENT *(Continued)*

BUSINESS REVIEW *(Continued)*

Meanwhile, as previously disclosed, an ex-tenant lodged several administrative proceedings with the Court against the relevant official authorities concerning the Previous Land as defendants and joining Zhen Wah as a third party, opposing the relocation compensation agreement made between the Bureau and Zhen Wah in 2021 for demolition, relocation and compensation of those buildings, erections and equipment on the Previous Land and claiming for compensation. In the period, the Court gave a judgement of the administrative proceedings in which the ex-tenant as the plaintiff and the relevant official authorities as defendants appealed, with Zhen Wah named as a third party. As advised by the Group's PRC legal adviser, Zhen Wah had a defence to the claims under the administrative proceedings on the basis that the claims were lacking in factual and legal basis. The Group and the JV Partner 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.

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 2023, the equity attributable to owners of the Company amounted to RMB6,724,629,000 (30 June 2023: RMB1,830,193,000) with net asset value per share of RMB28.29 (30 June 2023: RMB7.70), translating into HK\$7,420,526,000 (30 June 2023: HK\$1,985,068,000) with net asset value per share of HK\$31.22 (30 June 2023: HK\$8.35) after accounted for the fair value of the properties under development in the period. As at 31 December 2023, total bank borrowings of the Group amounted to nil (30 June 2023: nil), and hence the gearing ratio of the Group was nil (30 June 2023: nil) 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\$4,097,000 (six months ended 31 December 2022: net exchange loss of HK\$4,494,000) and exchange difference on translation from functional currency in RMB to presentation currency in HKD, amounting to other comprehensive income of HK\$71,638,000 (six months ended 31 December 2022: other comprehensive expense of HK\$92,204,000) 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 well as the repayment of advances and interest income received from a joint venture of the Group. As at 31 December 2023, the bank balance and cash and fixed bank deposits of the Group stood at HK\$450,822,000 (30 June 2023: HK\$212,955,000) in aggregate and denominated primarily in RMB. With sufficient cashflow, the Group maintained un-utilised credit facilities of HK\$1,000,000 (30 June 2023: HK\$1,000,000) as working capital at floating interest rate. As at 31 December 2023, the Group's net current assets amounted to HK\$13,154,091,000 (30 June 2023: HK\$346,741,000) with current ratio of 74.81 (30 June 2023: 3.82) after accounted for the fair value of the properties under development in the period. And no significant capital expenditure commitments and authorisations was made in the period. The projected construction and development costs of the properties under development of the Group Allocated Land will be substantial (subject to the development plan and the positive results of the arbitration and/or litigation in respect of the Historical Disputes if any), which will be funded by internal resources, bank financing and such other applicable means as appropriate.

Pledge of Assets and Contingent Liabilities

As at 31 December 2023, the borrowing of the Group was nil as it fully repaid all banking facilities previously granted by a financial institution. As a result of such full repayment, the Group had fully discharged and released the pledged properties of the Group with a total carrying value of HK\$771,336,000 (30 June 2023: HK\$764,659,000), provided for the purpose of and as security for such banking facilities, comprising 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, and pledged of certain of its bank deposits (30 June 2023: HK\$9,324,000). As at the end of the reporting period, the Group had not given any guarantees (30 June 2023: nil) in respect of settlement of home loans provided by banks to the home buyers of a property project in Beijing.

PROSPECTS

China economy is still facing challenges from setbacks of COVID-19 pandemic, prolonged downturn in the property sector, soft global demand for China's exports and wavering consumer confidence, hindering economic recovery and growth. Nevertheless, it is believed that PRC government will step up imperative policies and positive monetary and fiscal measures to solidify the economy in China and to seek sustainable economic growth by way of capital spending in infrastructure and manufacturing and supporting digital economy, to bolster market confidence for domestic demand and to make domestic consumption as impetus into future economic growth, that will underpin leasing activities of office and retail sectors.

In Beijing, it is expected that it is positioned to further develop the retail market and continue to create a better consumption atmosphere and promote consumption city through new brands and environmental upgrade. To maintain occupancy rate and recurring revenue, the Group will endeavor to actively adjust leasing and marketing strategies, to upgrade refurbishment, brand portfolios and leasing services alongside competitive and effective rental strategies to attract new retailers/tenants and retain existing retailers/tenants.

In Shanghai, it is expected that the continuing new supply of office spaces combined with weak demand for office will add further pressure on rents and occupancy levels, which will be another challenging year for the office market. And the Group will continue to deploy its competitive and effective rental strategies from time to time with fitting-out subsidies, value-added services and increase more flexible leasing terms, to attract new tenants and retain existing tenants so as to maintain occupancy rate and recurring revenues.

The metropolis Shenzhen, being the official Shenzhen Demonstration Pilot Zone and high-tech hub as well as the mainland's top city for overall economic and digital competitiveness and premier special economic zone, is expected to continue its growth with high-quality development under official support. In addition, the development of transportation network in Shenzhen stimulates intra-city and intercity connections, enhancing the cross-boundary flows of people, logistics, information, and capital, that it acts as the core and pivotal role in the development of Guangdong-Hong Kong-Macao Greater Bay Area.

MANAGEMENT STATEMENT *(Continued)*

PROSPECTS *(Continued)*

Meanwhile, the real estate market is primarily impacted by the ongoing policy restrictions on purchasing eligibility and financing, economic uncertainties and challenges with softened market sentiment, yet the outlook for Shenzhen's property market is expected to regain economic growth and remain positive as highly livable city, supported by the strong economic and demographics fundamentals along with official supportive reform. This will enhance the development value of the Group Allocated Land in Tung Kok Tau, Nanshan District, Shenzhen.

The Group will continue to seek PRC legal advice and to further strive for the best interest of the Group in relation to Zhen Wah and its assets in respect of Historical Disputes. Meanwhile, the Group will continue to work with the relevant parties to optimise city planning of the Group Allocated Land in line with the projects of adjacent opera house and infrastructure.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 2 April 2024 to Friday, 5 April 2024 (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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 28 March 2024.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 31 December 2023, 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 C3 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 2023.

Save as disclosed above, as at 31 December 2023, 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 2023.

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 C3 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 2023.

DISCLOSURE OF INFORMATION ON DIRECTORS

By virtue of rule 13.51B(1) of the Listing Rules, the updated information on Directors is that Dr. TAN Lucio C., Chairman and executive Director of the Company, and Mrs. TAN Carmen K., executive Director of the Company, ceased to be the directors of Philippine National Bank (“PNB”), securities of which are listed on The Philippine Stock Exchange, Inc., and have been appointed as chairman emeritus and board advisor of PNB respectively.

SUBSTANTIAL SHAREHOLDERS’ INTERESTS AND SHORT POSITIONS IN SHARES

As at 31 December 2023, 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 (note ii)
Zedra Asia Limited	Trustee of a private discretionary trust (note i)	89,321,279	89,321,279	37.58%

- Notes:
- i. 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.
 - ii. 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 2023.

Save as disclosed above, as at 31 December 2023, 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 2023, 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 scheme.

The Company has adopted share option scheme as incentive to Directors and eligible employees, details of the schemes are set out in note 17 to the condensed consolidated financial statements.

CORPORATE GOVERNANCE

Throughout the six months ended 31 December 2023, the Company has applied the principles and has complied with the code provisions as set out in the Corporate Governance Code stipulated in Appendix C1 (formerly Appendix 14) to the Listing Rules, save and except deviation from code provision F.2.2. At the annual general meeting of the Company held on 8 December 2023 (the “**2023 AGM**”), the chairman of the Board was unable to attend the 2023 AGM due to other business engagements. Meanwhile, management and external auditor of the Company together with the chairmen and/or members of the Board’s committees attended the 2023 AGM to answer relevant questions raised by and understand the views of the shareholders of the Company thereat.

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.

MANAGEMENT STATEMENT *(Continued)*

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 2023.

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

Hong Kong, 28 February 2024

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 2023 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
28 February 2024

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2023

	Notes	Six months ended 31 December	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	3	38,307	39,606
Direct costs		(13,393)	(12,672)
Gross profit		24,914	26,934
Other income, gains and losses	4	(24)	6,582
Decrease in fair value of investment properties	10	(13,338)	(10,812)
Administrative expenses		(31,524)	(16,807)
Selling expenses		(155)	(150)
Finance costs	5	(22)	(1,607)
Share of profit (loss) of a joint venture		12,635,773	(3,828)
Profit before taxation	6	12,615,624	312
Income tax (charge) credit	7		
– current tax		(2,380)	(1,087)
– deferred tax		(7,247,310)	2,508
		(7,249,690)	1,421
Profit for the period		5,365,934	1,733
Other comprehensive income (expense):			
<i>Item that will not be reclassified to profit or loss:</i>			
Exchange differences arising on translation to presentation currency		71,638	(92,204)
Total comprehensive income (expense) for the period		5,437,572	(90,471)

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

For the six months ended 31 December 2023

	<i>Note</i>	Six months ended 31 December	
		2023	2022
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Profit for the period attributable to:			
Owners of the Company		5,365,693	1,476
Non-controlling interests		241	257
		5,365,934	1,733
Total comprehensive income (expense) attributable to:			
Owners of the Company		5,436,647	(88,954)
Non-controlling interests		925	(1,517)
		5,437,572	(90,471)
Earnings per share (Hong Kong cents)			
Basic	9	2,257.30	0.62

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

		At 31 December 2023 HK\$'000 (Unaudited)	At 30 June 2023 HK\$'000 (Audited)
Non-current Assets			
Property, plant and equipment		1,634	1,240
Right-of-use assets		6,553	1,053
Investment properties	10	1,860,753	1,840,814
Interest in a joint venture	11	–	82,331
Other asset		1,324	1,301
		1,870,264	1,926,739
Current Assets			
Properties under development	12	12,855,598	–
Trade and other receivables and prepayments	13	22,883	20,912
Amount due from a non-controlling shareholder		844	830
Amount due from a joint venture	11	2,165	225,673
Pledged bank deposits		–	9,324
Fixed bank deposits		195,230	82,935
Bank balances and cash		255,592	130,020
		13,332,312	469,694
Current Liabilities			
Trade and other payables	14	87,411	34,363
Lease liabilities		2,031	1,134
Tax payable		88,779	87,456
		178,221	122,953
Net Current Assets		13,154,091	346,741
Total Assets less Current Liabilities		15,024,355	2,273,480

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

At 31 December 2023

	Notes	At 31 December 2023 HK\$'000 (Unaudited)	At 30 June 2023 HK\$'000 (Audited)
Capital and Reserves			
Share capital	15	237,704	237,704
Reserves		7,182,822	1,747,364
Equity attributable to owners of the Company		7,420,526	1,985,068
Non-controlling interests		40,143	39,218
Total Equity		7,460,669	2,024,286
Non-current Liabilities			
Deferred tax liabilities	16	7,543,949	234,029
Long-term rental deposits received		15,170	15,165
Lease liabilities		4,567	–
		7,563,686	249,194
		15,024,355	2,273,480

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2023

	Attributable to owners of the Company										Total HK\$'000
	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	
At 1 July 2023 (audited)	237,704	438,475	55,018	1,644	76,110	92,451	10,172	1,073,494	1,985,068	39,218	2,024,286
Profit for the period	-	-	-	-	-	-	-	5,365,693	5,365,693	241	5,365,934
Exchange differences arising on translation	-	-	-	-	70,954	-	-	-	70,954	684	71,638
Total comprehensive income for the period	-	-	-	-	70,954	-	-	5,365,693	5,436,647	925	5,437,572
Transfer to statutory reserve	-	-	-	-	-	-	34	(34)	-	-	-
Dividends recognised as distribution (note 8)	-	-	-	-	-	-	-	(1,189)	(1,189)	-	(1,189)
At 31 December 2023 (unaudited)	237,704	438,475	55,018	1,644	147,064	92,451	10,206	6,437,964	7,420,526	40,143	7,460,669
At 1 July 2022 (audited)	237,704	438,475	55,018	1,644	229,860	92,451	10,394	1,069,016	2,134,562	41,642	2,176,204
Profit for the period	-	-	-	-	-	-	-	1,476	1,476	257	1,733
Exchange differences arising on translation	-	-	-	-	(90,430)	-	-	-	(90,430)	(1,774)	(92,204)
Total comprehensive (expense) income for the period	-	-	-	-	(90,430)	-	-	1,476	(88,954)	(1,517)	(90,471)
Transfer from statutory reserve	-	-	-	-	-	-	(279)	279	-	-	-
Dividends recognised as distribution (note 8)	-	-	-	-	-	-	-	(1,189)	(1,189)	-	(1,189)
At 31 December 2022 (unaudited)	237,704	438,475	55,018	1,644	139,430	92,451	10,115	1,069,582	2,044,419	40,125	2,084,544

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 laws and regulations of the People's Republic of China (the "PRC") 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 2023

	Six months ended 31 December	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash from operating activities	3,908	13,708
Net cash from (used in) investing activities		
Repayment from a joint venture	230,564	–
Interest received	108,516	2,982
Withdrawal of pledged bank deposits	9,486	165,272
Withdrawal of fixed bank deposits	5,788	7,860
Purchase of property, plant and equipment	(603)	(13)
Addition of investment properties	(1,360)	(1,934)
Addition of properties under development	(112,656)	–
Placement of fixed bank deposits	(116,866)	(33,804)
Placement of pledged bank deposits	–	(147,361)
	122,869	(6,998)
Cash used in financing activities		
Repayment of lease liabilities	(1,124)	(1,232)
Interest paid	(22)	(1,347)
Repayment of bank loan	–	(22,000)
	(1,146)	(24,579)
Net increase (decrease) in cash and cash equivalents	125,631	(17,869)
Cash and cash equivalents at beginning of the period	130,020	188,107
Effect of foreign exchange rate changes	(59)	(8,682)
Cash and cash equivalents at end of the period, represented by bank balances and cash	255,592	161,556

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2023

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 the applicable disclosure requirements of Appendix D2 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 application of accounting policies regarding to properties under development as stated below became relevant to the Group in the current interim period, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 December 2023 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 30 June 2023.

Properties under development

Properties under development are stated at the lower of cost and net realisable value. Cost comprises the cost of land, development expenditure and other attributable costs. Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale. Net realisable value is determined by reference to the management estimates based on prevailing market conditions. Costs necessary to make the sale include both incremental costs and other cost necessary to sell inventories.

Application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)

In the current interim period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 July 2023 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The application of the amendments to HKFRSs in the current interim 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 2023

3. REVENUE AND SEGMENT INFORMATION

During the current interim period, the Group has obtained the land use right for a piece of land (K709-0003) situated near Tung Kok Tau, Nanshan District in Shenzhen, the People's Republic of China (the "PRC") (see notes 11 and 12 for details), the management intended to develop properties for sale and identified this as a new operating segment under HKFRS 8 "Operating Segments".

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 and property development.

The property rental segment includes property leasing operation in the PRC. The Group's investment properties portfolio, which mainly consists of offices, residential and commercial units and carparks, are located in Shanghai and Beijing, the PRC. The property development segment includes the properties under development in Shenzhen, the PRC.

The revenue from property rental includes variable lease payments that do not depend on an index or a rate of HK\$1,036,000 (2022: HK\$1,428,000), 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 HKFRS 8 "Operating Segments".

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2023

3. REVENUE AND SEGMENT INFORMATION (Continued)

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

	Property rental				Property development		Consolidated	
	Beijing		Shanghai		Shenzhen		2023	2022
	Six months ended 31 December (Unaudited)							
	2023	2022	2023	2022	2023	2022	2023	2022
HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	
SEGMENT REVENUE								
REVENUE								
External sales	14,874	13,631	23,433	25,975	-	N/A	38,307	39,606
SEGMENT RESULT	5,048	4,868	6,309	10,928	(256)	N/A	11,101	15,796
Unallocated other income, gains and losses							(402)	6,095
Unallocated corporate expenses							(30,826)	(16,144)
Finance costs							(22)	(1,607)
Share of profit (loss) of a joint venture							12,635,773	(3,828)
Profit before taxation							12,615,624	312

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 (loss), net, bank interest income, (reversal of) imputed interest income on amount due from a joint venture and others), finance costs and share of profit (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 2023

4. OTHER INCOME, GAINS AND LOSSES

	Six months ended 31 December	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Included in other income, gains and losses are:		
Interest income on bank deposits	2,490	3,138
Exchange gain (loss), net	4,097	(4,494)
(Reversal of) imputed interest income on amount due from a joint venture	(7,188)	6,380
Government grants	–	208

5. FINANCE COSTS

	Six months ended 31 December	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Interest on bank loan	–	1,552
Interest on lease liabilities	22	55
	22	1,607

6. PROFIT BEFORE TAXATION

	Six months ended 31 December	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	229	250
Depreciation of right-of-use assets	1,048	1,132
Expenses relating to short-term leases	371	397

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2023

7. INCOME TAX CHARGE (CREDIT)

		Six months ended 31 December	
		2023	2022
	Note	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
The tax charge (credit) comprises:			
Current tax in the PRC (other than Hong Kong)			
Enterprise Income Tax		2,380	1,087
Deferred tax charge (credit)	16	7,247,310	(2,508)
		7,249,690	(1,421)

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 profit or taxable rental income, management fee income and interest income in the PRC.

The provision of PRC Land Appreciation Tax (“LAT”) is estimated per the requirements set forth in the relevant PRC tax laws and regulations. PRC LAT has been provided at progressive rates of the appreciation value, with certain allowable deductions including land costs, borrowing costs, and the relevant property development expenditures.

8. DIVIDENDS

During the current interim period, a final dividend of 0.5 Hong Kong cents per share in respect of the year ended 30 June 2023 (2022: 0.5 Hong Kong cents per share in respect of the year ended 30 June 2022) 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 (2022: HK\$1,189,000) will be paid to the owners of the Company whose names appear in the register of members of the Company on 5 April 2024.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2023

9. EARNINGS PER SHARE

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

	Six months ended 31 December	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purposes of basic earnings per share (profit for the period attributable to owners of the Company)	5,365,693	1,476

	Six months ended 31 December	
	2023	2022
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	237,703,681	237,703,681

Diluted earnings per share is not presented for the six months ended 31 December 2023 and 2022 as there was no potential ordinary share outstanding during both periods.

10. INVESTMENT PROPERTIES

	HK\$'000
FAIR VALUE	
At 1 July 2023 (audited)	1,840,814
Addition	1,360
Exchange realignment	31,917
Decrease in fair value of investment properties	(13,338)
At 31 December 2023 (unaudited)	1,860,753

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2023

10. INVESTMENT PROPERTIES (Continued)

The fair value of the Group's investment properties (including residential, commercial and car park portions and office units) as at 31 December 2023 and 30 June 2023 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 income capitalisation approach by capitalising the rental income of the properties derived from the existing tenancies with due allowance for the reversionary income potential of the properties. The revaluations gave rise to a net loss arising from decrease in fair value of HK\$13,338,000 (six months ended 31 December 2022: HK\$10,812,000) 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\$1,360,000 as addition of investment properties (six months ended 31 December 2022: HK\$1,934,000).

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

	At 31 December 2023 HK\$'000 (Unaudited)	At 30 June 2023 HK\$'000 (Audited)
Cost of investment, unlisted	74,386	210,790
Share of post-acquisition profits (losses) and reserves	12,555,283*	(128,459)
Less: Deemed distribution from joint venture	(12,629,669)	–
	–	82,331
Amount due from a joint venture	2,165	225,673

* Amount included the fair value gain in respect of the Group Allocated Land (as defined below) shared by the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2023

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

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 (the “**JV 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 JV Partner, respectively, and that the equity interests of Zhen Wah were held by the Group and the JV 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.

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.

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, of which the Group should be entitled to a share of 80% in line with share of total capital contributed to Zhen Wah.

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 2023 which has not been recognised by the Group amounted to HK\$10,368,000 (30 June 2023: HK\$10,368,000), as the Directors consider the result of the arbitration is subject to the agreement of the JV 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 via the Shenzhen Intermediate People’s Court of Guangdong Province (the “**Court**”) in prior years. the Court accepted the application for liquidation of Zhen Wah (the “**Compulsory Liquidation**”) and appointed a law firm in the PRC as the liquidation committee of Zhen Wah in prior years.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2023

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

Note: (Continued)

On 14 April 2023, the Group and the JV Partner, among others, entered into a memorandum of understanding (the “**Memorandum**”) and agreed on principle on the implementation of the land swap (the “**Land Swap**”) between Zhen Wah and 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**”), division of the new land into two plots of land, which would be allocated to the Group and the JV Partner respectively (the “**Land Allocation**”) subject to the Bureau’s approval and the relevant laws, regulations and procedures, repayment arrangement on the amount due from Zhen Wah to the Group and withdrawal of the Compulsory Liquidation (the “**Compulsory Liquidation Withdrawal**”) with a view to completing Land Swap and the Land Allocation on a joint and voluntary basis of the Group and the JV Partner without the court proceedings. In addition, it was agreed by the parties that if the Land Swap and the Land Allocation could not be executed or completed as agreed, a compulsory liquidation of Zhen Wah would be reinstated. Subsequent to and in accordance with the Memorandum, the Compulsory Liquidation Withdrawal was approved and ordered by the Court on 4 May 2023, as announced by the Company on 9 May 2023.

According to the repayment arrangement as stated in the Memorandum, the amount due from a joint venture to the Group was expected to be fully recovered within one year as at 30 June 2023 as it was agreed that such amount should be fully settled by the joint venture on or before the completion of the Land Swap and Land Allocation with the Bureau. As at 30 June 2023, the amount is unsecured and carried at amortised cost. During the current interim period, the amount due from joint venture has been substantially settled with the remaining balances amounted to HK\$2,165,000 is unsecured and carried at amortised cost.

As announced by the Company on 20 December 2023, Dynamic (B.V.I.) Limited (“**Dynamic BVI**”), a shareholder of Zhen Wah and a wholly-owned subsidiary of the Company) entered into 深圳市國有建設用地使用權出讓合同 (Shenzhen State-owned Construction Land Use Rights Transfer Contract) (the “**Group Land Transfer Contract**”) with the Bureau on 14 December 2023, in which the Bureau agreed to grant the land plot no. K709-0003 (the “**Group Allocated Land**”) to Dynamic BVI, while the JV Partner also entered into 深圳市國有建設用地使用權出讓合同 (Shenzhen State-owned Construction Land Use Rights Transfer Contract) with the Bureau, in which the Bureau agreed to grant the land plot no. K709-0004 (the “**JV Partner Allocated Land**”) to the JV Partner. A supplemental agreement to the Group Land Transfer Contract was entered into on 15 December 2023 between the Bureau, Dynamic BVI and 深圳市達力房地產開發有限公司 (Shenzhen Dynamic Real Estate Development Co., Ltd.) (“**Shenzhen Dynamic**”), a wholly-owned subsidiary of the Company established under the laws of the PRC, pursuant to which the Bureau had agreed that the land use rights of the Group Allocated Land to be changed from Dynamic BVI to Shenzhen Dynamic.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2023

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

Note: (Continued)

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, during the Compulsory Liquidation process and after the Compulsory Liquidation be withdrawn, the legal identity of Zhen Wah still exists. 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.

Particulars of the joint venture as at 31 December 2023 and 30 June 2023 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 in the progress of compulsory liquidation. On 4 May 2023, the Court approved and ordered that the compulsory liquidation be withdrawn.

12. PROPERTIES UNDER DEVELOPMENT

The properties under development of the Group represent the land use rights for a piece of land situated near Tung Kok Tau in Shenzhen, the PRC, with a land use rights of up to 70 years commencing on 5 June 2008. During the current interim period, the Group obtained the land use rights by entered into the Group Land Transfer Contract (see note 11) with the Bureau. As at 31 December 2023, the Group was in the process of obtaining the formal land use right certificate. Subsequently, on 23 February 2024, the Group has obtained the formal land use right certificate.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2023

13. 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\$8,577,000 (30 June 2023: HK\$9,439,000), net of allowance for credit losses of HK\$2,082,000 (30 June 2023: HK\$1,983,000), presented based on invoice date at the end of the reporting period:

	At 31 December 2023 HK\$'000 (Unaudited)	At 30 June 2023 HK\$'000 (Audited)
0 – 30 days	6,331	7,277
31 – 60 days	124	119
61 – 90 days	40	60
	6,495	7,456

As at 31 December 2023, included in the Group's trade receivable balances are debtors with a carrying amount of HK\$502,000 (30 June 2023: HK\$415,000) 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.

14. TRADE AND OTHER PAYABLES

At 31 December 2023, the balance of trade and other payables included trade payables of HK\$3,459,000 (30 June 2023: HK\$2,150,000) and provision of compensation payable to an ex-tenant for its relocation amounted to HK\$51,905,000 (30 June 2023: nil). The following is an aged analysis of trade payables based on the invoice date at the end of the reporting period:

	At 31 December 2023 HK\$'000 (Unaudited)	At 30 June 2023 HK\$'000 (Audited)
0 – 60 days	2,196	1,201
61 – 90 days	201	197
Over 90 days	1,062	752
	3,459	2,150

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2023

15. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$1.00 each		
Authorised:		
At 1 July 2022, 30 June 2023 and		
31 December 2023	300,000,000	300,000
Issued and fully paid:		
At 1 July 2022, 30 June 2023 and		
31 December 2023	237,703,681	237,704

16. DEFERRED TAX LIABILITIES

The increase in deferred tax liabilities for the current period ended 31 December 2023 mainly represents the deferred taxation for fair value gain in respect of the Group Allocated Land and settlement of the deferred tax liabilities occurs when the related properties are developed and being disposed of.

17. 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 (defined herein below).

The Board might at its discretion grant options (the “**Options**”) previously under the 2011 Scheme to any Directors, employees of the Company and its subsidiaries and such eligible participants at the discretion of the Board pursuant to the terms thereof; whereas the Board may at its discretion grant options under the 2021 Scheme to any Director, proposed Director (whether executive or non-executive and whether independent or not), employee of the Group or an affiliate or the holding company of the Company (if applicable) whom the Board in its sole discretion considers will contribute or has contributed to any member of the Group or an affiliate or the holding company of the Company (if applicable) (collectively the “**Eligible Participants**”).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2023

17. SHARE OPTION SCHEMES AND SHARE-BASED PAYMENTS (Continued)

Under both the 2011 Scheme and 2021 Scheme, the Board might/may grant share options to the Eligible Participants at the discretion of the Board 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; or (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 under the 2021 Scheme; and above (i), (ii) or (iii) the nominal value of a Share under the 2011 Scheme.

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. The maximum number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the 2011 Scheme (if any), 2021 Scheme and any other schemes (if any) involving the issue or grant of options or similar rights over Shares or other securities by the Company, must not, in aggregate, exceed 30 per cent of the Shares in issue from time to time.

No Option under the 2011 Scheme or 2021 Scheme may be granted to any Eligible Participants which if exercised in full would result in the total number of Shares issued and to be issued upon exercise of the Options already granted or to be granted to such Eligible Participant under the 2011 Scheme or 2021 Scheme (including exercised, cancelled and outstanding Options), respectively, in the 12-month period up to and including the date of such new grant exceeding 1% of the issued share capital of the Company as at the date of such new grant. Any grant of further Options above this limit shall be subject to the approval of the shareholders of the Company at general meeting, with such Eligible Participant and (i) its associates for the 2011 Scheme and (ii) its close associates (or his associates if the Eligible Participant is a connected person) for the 2021 Scheme abstaining from voting.

The option period for which the options granted are exercisable, shall be such period as notified by the Board, 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. A nominal consideration of HK\$1 was payable by the grantee on acceptance of the Option offer under the 2011 Scheme, whereas no payment is required by the grantee for acceptance of the Option offer under the 2021 Scheme. At the time of granting any Option, the Board may, on a case by case basis and subject to the provisions of the Listing Rules, make such grant on such terms and conditions as the Board may determine in its absolute discretion, including the minimum period of the Options to be held and/or the performance targets to be achieved before such Options may be exercised.

As at 30 June 2023, no options under the 2011 Scheme and 2021 Scheme had been issued, granted, outstanding, exercised or lapsed.

During the six months ended 31 December 2023, no option under the 2021 Scheme had been issued, granted, outstanding, exercised or lapsed.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2023

18. 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	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Rental income received	457	467
Other income received	209	225
Interest expenses on lease liabilities	22	55
Expenses relating to short-term leases	103	103
Repayment to lease liabilities	1,124	1,232
Management fees expenses	1,176	1,668
Consultancy service fees paid	1,100	1,100
Agency fees/administrative expenses paid	681	827

Other outstanding balances with the following related companies, which are unsecured, interest-free and repayable on demand, at 31 December 2023 and 30 June 2023, are as follows:

	At	At
	31 December	30 June
	2023	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Right-of-use assets	6,553	1,053
Lease liabilities	6,598	1,134
Deposits due from related companies included in other receivables	539	528
Amounts due from related companies included in other receivables	3,032	2,663
Amounts due to related companies included in other payables	3,966	3,387
Amount due from a non-controlling shareholder	844	830

The related companies are companies controlled by certain Directors.

During the current interim period, the emoluments of key management personnel were HK\$1,906,000 (six months ended 31 December 2022: HK\$1,859,000).