



DYNAMIC HOLDINGS LIMITED  
達力集團有限公司

*(Incorporated in Bermuda with limited liability)*  
Stock Code : 29

INTERIM REPORT  
2017/18





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



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## CORPORATE AND INVESTOR INFORMATION

### DIRECTORS

#### *Executive Directors*

TAN Harry Chua, *Chairman*  
CHAN Wing Kit, Frank,  
*Chief Executive Officer*  
TAN Lucio Jr. Khao  
TAN Michael Gonzales  
PASCUAL Ramon Sy  
CHUA Joseph Tan  
CHIU Siu Hung, Allan

#### *Independent Non-executive Directors*

CHONG Kim Chan, Kenneth  
SY Robin Chua  
FOK Kam Chu, John  
GO Patrick Lim  
TAN Kenway Hao

### REMUNERATION COMMITTEE

CHONG Kim Chan, Kenneth, *Chairman*  
TAN Harry Chua  
CHAN Wing Kit, Frank  
SY Robin Chua  
FOK Kam Chu, John

### COMPANY SECRETARY

WONG Oi Yee, Polly

### AUDIT COMMITTEE

CHONG Kim Chan, Kenneth, *Chairman*  
SY Robin Chua  
FOK Kam Chu, John  
GO Patrick Lim

### NOMINATION COMMITTEE

TAN Harry Chua, *Chairman*  
CHAN Wing Kit, Frank  
CHONG Kim Chan, Kenneth  
SY Robin Chua  
FOK Kam Chu, John

### AUDITORS

Deloitte Touche Tohmatsu

### LEGAL ADVISERS

Deacons  
Mayer Brown JSM  
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.

## Corporate and Investor Information *(Continued)*

### STOCK CODE

29

### WEBSITES

<https://www.dynamic.hk>  
<http://www.irasia.com/listco/hk/dynamic>

### SHARE REGISTRAR

#### *Principal Share Registrar*

MUFG Fund Services (Bermuda) Limited  
 The Belvedere Building  
 69 Pitts Bay Road  
 Pembroke HM08  
 Bermuda

#### *Branch Share Registrar*

Tricor Tengis Limited  
 Level 22, Hopewell Centre  
 183 Queen's Road East  
 Hong Kong

### REGISTERED OFFICE

Canon's Court  
 22 Victoria Street  
 Hamilton HM 12  
 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	9 April 2018
Book-close Dates	10 April 2018 – 13 April 2018 (both days inclusive)
Record Date for Interim Dividend	13 April 2018
Payment of Interim Dividend	27 April 2018

## 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 2017, which have been reviewed by external auditor of the Company, Deloitte Touche Tohmatsu.

### INTERIM RESULTS

For the six months ended 31 December 2017, the Group reported a total revenue of HK\$54,536,000 (2016: HK\$51,121,000) and gross profit of HK\$42,347,000 (2016: HK\$40,369,000), showing mild increase of 7% and 5% respectively compared with those of the previous corresponding period. These results were attributable to the stable rental income of investment properties of the Group denominated in renminbi yuan (“**RMB**”), with gross profit margin at 78% (2016: 79%).

During the period under review, the Group accounted for other income of HK\$14,583,000 (2016: HK\$2,898,000), mainly attributable to imputed interest income of HK\$6,711,000 (2016: HK\$6,895,000) and the net exchange gain of HK\$5,029,000 (2016: net exchange loss of HK\$6,409,000) due to the RMB appreciation against Hong Kong dollar (“**HK\$**”). In addition, the Group recognised an aggregate increase of HK\$47,408,000 (2016: HK\$42,974,000) in the fair value of the investment properties.

After taking into account of the effect of reduced taxation and currency translation to presentation currency in HK\$ from functional currency in RMB, which appreciated 2.8% against HK\$ (2016: devalued 6.5%) in the period, the profit for the period attributable to shareholders of the Company was HK\$78,876,000 (2016: HK\$58,003,000), which increased by 36% from that of the last corresponding period, with basic earnings per share of HK\$0.3505 (2016: HK\$0.2580).

Meanwhile, the other comprehensive income was HK\$78,876,000 (2016: other comprehensive expense of HK\$88,542,000) due to the above-mentioned exchange difference on translation, and the total comprehensive income attributable to shareholders of the Company amounted to HK\$156,376,000 (2016: total comprehensive expense of HK\$28,986,000).

## Management Statement *(Continued)*

### INTERIM DIVIDEND

The Directors have declared an interim dividend of 2.5 Hong Kong cents (2016: 2.5 Hong Kong cents) per share for the six months ended 31 December 2017 to the shareholders of the Company whose names appear on the register of members on Friday, 13 April 2018. The warrants for the interim dividend are expected to be despatched to those entitled on or about Friday, 27 April 2018.

### BUSINESS REVIEW

In the period under review, the overall revenue and results of the Group were principally derived from its operating segment in terms of property rental in the mainland China denominated in RMB, which performed steadily as compared with those of the last corresponding period.

The rental income of the Group generated from its investment properties in two major cities, Shanghai and Beijing, amounted to RMB46,244,000 (2016: RMB44,609,000), showing a slight increase of 4% as compared with that of last corresponding period. Such rental income presented in the financial statements in the sum of HK\$54,536,000 (2016: HK\$51,121,000), which represented all (2016: all) of the consolidated revenue income of the Group in the period. And the fair value of these investment properties of the Group comprising shopping mall and car parks in Beijing and office units in Shanghai appreciated in the sum of RMB40,200,000 (2016: RMB37,500,000), translating into HK\$47,408,000 (2016: HK\$42,974,000) in the period. As such, the segment results of property rental reported a profit of RMB75,750,000 (2016: RMB71,989,000), presenting in HK\$89,332,000 (2016: HK\$82,498,000) which shows an increase of 8% as compared with the last corresponding figure.

In Beijing, the rental income generated from the well-established community mall (including car parks) of the Group in Chaoyang District improved with an average occupancy rate over 95% (2016: over 95%) throughout the period. In addition, the rental income of this segment in the period totalled RMB15,214,000 (2016: RMB15,215,000) translating into HK\$17,941,000 (2016: HK\$17,436,000) which accounted for 33% (2016: 34%) of the total revenue of the Group. The fair value of these investment properties appreciated in the sum of RMB14,200,000 (2016: RMB1,500,000), translating into HK\$16,746,000 (2016: HK\$1,719,000). Thereby, a profit of HK\$27,119,000 (2016: HK\$12,680,000) was recorded in this segment results in the period, denoting a substantial rise of 114% as compared with that of the last corresponding period. Due to limited residential units held for sale by the Group in Beijing, there was nil (2016: nil) proceeds of property sales of the Group making an administrative loss of HK\$95,000 (2016: HK\$99,000) in this segment results of property sales in the period.

## Management Statement *(Continued)*

### BUSINESS REVIEW *(Continued)*

In Shanghai, the quality offices of the Group known as “Eton Place” which is in the prominent financial location of Little Lujiazui in Pudong attained an average occupancy rate of over 95% (2016: full) with moderate increase in rental rate during the period. And the rental income was in the sum of RMB31,031,000 (2016: RMB29,394,000), showing a mild increase of 6% from that of the last corresponding period, translating into HK\$36,595,000 (2016: HK\$33,685,000) which accounted for 67% (2016: 66%) of the total revenue of the Group in the period. The fair value of these investment properties appreciated in the sum of RMB26,000,000 (2016: RMB36,000,000), translating into HK\$30,662,000 (2016: HK\$41,256,000). Thereby, this segment results recorded a total profit of HK\$62,213,000 (2016: HK\$69,818,000) in the period, denoting a moderate drop of 11% as compared with that of the last corresponding period.

During the period under review, Shenzhen Zhen Wah Harbour Enterprises Ltd. (“**Zhen Wah**”, a joint venture in which the Group holds 49%), which holds a piece of land located in Tung Kok Tau, Nanshan District, Shenzhen (the “**Land**”), continued its proceedings of compulsory liquidation which commenced in July 2016 under supervision of the court of the People’s Republic of China (the “**PRC**”) and management of a liquidation committee (the “**Liquidation Committee**”) as nominated by the PRC court.

In the period, the Group continued to closely monitor the liquidation proceedings of Zhen Wah with the assistance of its legal advisers. The claims lodged with the Liquidation Committee by the Group for creditor’s debts against Zhen Wah were under review by the Liquidation Committee and the PRC court. Meanwhile, the Group kept on working actively with the Liquidation Committee, relevant official authorities and Chinese joint venture partner regarding the liquidation and the proposal for re-zoning, compensation for demolition, relocation and increase of gross developable area of the Land (the “**Proposal**”). The Proposal is subject to official valuation, assessment and approval in accordance with the relevant laws and regulations. Based on PRC legal advice received by the Group, the Land will eventually be sold by way of public auction or disposed of by other applicable means in accordance with PRC laws, and any surplus (after settlement of all relevant liabilities) will be distributed to the joint venture partners in accordance with their equity contributions.

As announced on 7 February 2018, due to complexity of issues involved in the liquidation of Zhen Wah including the aforesaid matters, the PRC 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 2018.



## Management Statement *(Continued)*

### BUSINESS REVIEW *(Continued)*

As reported on 29 September 2017, based on the PRC legal advice and to further strive for the best interests of the Group, the Group lodged an application for international arbitration (the “**Arbitration**”) with South China International Economic and Trade Arbitration Commission (the “**Arbitration Commission**”) in June 2017 to determine the precise entitlement of the Group regarding rent, income and profit generated from the Land, pursuant to a shareholders’ agreement entered into between the Group and the Chinese joint venture partner on 20 December 1996 in relation to Zhen Wah. The arbitral application was accepted by the Arbitration Commission in August 2017. The Arbitration has been suspended for conciliation up to the end of July 2018 with the consent of the Group and the Chinese joint venture partner. If both shareholders of Zhen Wah fail to compromise, the Arbitration will resume. Irrespective of the result of the Arbitration, Zhen Wah will be wound up in the liquidation process in due course.

### 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 prudent manner during the period. The main objective is to utilise the group funding efficiently and to manage the financial risks effectively. At 31 December 2017, the equity attributable to its owners amounted to HK\$2,127,702,000 (30 June 2017: HK\$1,978,078,000) with net asset value per share of HK\$9.45 (30 June 2017: HK\$8.79). Total unsecured and secured bank borrowings of the Group amounted to about HK\$139,405,000 (30 June 2017: HK\$143,290,000), which were in HK\$ and repayable within three years on floating rate basis. As at 31 December 2017, the gearing ratio of the Group was 7% (30 June 2017: 7%) 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 due to the fluctuation of RMB appreciated against HK\$, resulting in the net exchange gain of HK\$5,029,000 (six months ended 31 December 2016: net exchange loss of HK\$6,409,000) and exchange difference on translation functional currency of RMB to presentation currency of HK\$, amounting to other comprehensive income of HK\$78,876,000 (six months ended 31 December 2016: other comprehensive expense of HK\$88,542,000). No financial instruments were used for hedging purpose in the period. And 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 2017, the bank balance and deposits and cash of the Group stood at HK\$264,656,000 (30 June 2017: HK\$258,278,000) in aggregate and denominated primarily in RMB. With sufficient cashflow, the Group maintained an un-utilised credit facilities of HK\$16,000,000 as working capital at floating interest rate as at 31 December 2017 (30 June 2017: HK\$16,000,000). No significant capital expenditure commitments and authorisations were made in the period.

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

As at 31 December 2017, the Group pledged its properties with a total carrying value of HK\$937,900,000 (30 June 2017: HK\$882,569,000), 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\$14,986,000 (30 June 2017: HK\$4,610,000) 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 2017, the Group had given guarantees in respect of such home loans of HK\$2,140,000 (30 June 2017: HK\$2,959,000). 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.

## Management Statement *(Continued)*

### PROSPECTS

With the solid economic growth of China and strengthening RMB in the period under review, it is anticipated that the China government will continue to adopt expedient fiscal and monetary policy to procure economic growth in the long term, to moderate exchange rate of RMB and local investments, associated with focus on development of high-end service industry and domestic consumption that will continue to bolster leasing demand of office and retail sectors.

In Beijing, strong growth of online retail sales and increasing supply of retail space will continue to put pressure on demand and rental of retail spaces. Nevertheless, it is expected that the resilient middle-class consumption will sustain mid-range and mass-market retailers, which are integrating online and offline retail channels. In order to maintain high occupancy rate and constant revenue to the Group, the Group will endeavor to proactively enhance leasing and marketing strategies, emphasising an experience-focused brand mix and outlet stores so as to attract the attention of more consumers.

In Shanghai, it is expected that take-up of office market will remain stable in Pudong as financial hub and driven by demand from local financial and professional enterprises as well as co-working companies. But the rental growth will face downward pressure amid considerable volumes of new completions and unabsorbed vacancies. To maintain high occupancy rate and steady recurring revenue, the Group will continue to adopt competitive rental strategies.

The Group will continue to act proactively for safeguarding the best interests of the Company in Zhen Wah. It will continue to adopt the best available measures and take expedient action with a view to protecting the Company's interests in the context of the compulsory liquidation of Zhen Wah. However, the issues involved in liquidation of Zhen Wah are complex and sophisticated, involving not only the PRC court but also various governmental authorities. There is no assurance that the liquidation may 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.

## Management Statement *(Continued)*

### CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 10 April 2018 to Friday, 13 April 2018 (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 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 9 April 2018.

### DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 31 December 2017, 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 Companies 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	Personal interests in number of issued ordinary Shares of the Company (long position)	Personal interests in underlying Shares pursuant to share options (long position) <i>(note 1)</i>	Aggregate interests	Total interests as approximate percentage of issued share capital <i>(note 2)</i>
Mr. TAN Harry Chua	636,000	1,500,000	2,136,000	0.95%
Dr. CHAN Wing Kit, Frank	-	1,650,000	1,650,000	0.73%
Mr. TAN Lucio Jr. Khao	-	1,500,000	1,500,000	0.67%
Mr. PASCUAL Ramon Sy	80,000	1,500,000	1,580,000	0.70%
Mr. CHIU Siu Hung, Allan	1,000,000	-	1,000,000	0.44%
Mr. CHONG Kim Chan, Kenneth	-	1,000,000	1,000,000	0.44%
Dr. SY Robin Chua	-	1,000,000	1,000,000	0.44%
Dr. FOK Kam Chu, John	650,000	-	650,000	0.29%
Mr. GO Patrick Lim	-	1,000,000	1,000,000	0.44%

## Management Statement *(Continued)*

### DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

*(Continued)*

- Notes:*
1. The Directors' interests in the underlying Shares are through share options granted by the Company on 25 October 2011 under the 2001 share option scheme and 10 November 2015 under the 2011 share option scheme respectively, details of which are set out in note 16 to the condensed consolidated financial statements in this interim report.
  2. The calculation is derived from the aggregate interests as a percentage of the total number of issued Shares of the Company (i.e. 225,066,181 Shares) as at 31 December 2017.

Save as disclosed above, as at 31 December 2017, 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 2017.

### 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 2017.

## Management Statement *(Continued)*

### DISCLOSURE OF INFORMATION ON DIRECTORS

By virtue of rule 13.51B(1) of the Listing Rules, the updated information on Director(s) is that Mr. CHUA Joseph Tan, executive Director, ceased to serve the board of directors of Philippine National Bank, securities of which are listed on The Philippine Stock Exchange, Inc.

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

As at 31 December 2017, 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 and underlying Shares pursuant to share options (long position)	Total interests (long position)	Total interests as approximate percentage of issued share capital <i>(note 5)</i>
Dr. TAN Lucio C.	Founder of a private discretionary trust	89,321,279	93,701,279	41.63%
	Beneficial owner <i>(note 1)</i>	2,190,000		
	Family interests <i>(note 1)</i>	2,190,000		
Mrs. TAN Carmen K.	Family interests <i>(note 2)</i>	91,511,279	93,701,279	41.63%
	Beneficial owner <i>(note 2)</i>	2,190,000		
Dynamic Development Corporation	Beneficial owner	89,321,279	89,321,279	39.69%
Carnation Investments Inc.	Trustee of a private discretionary trust <i>(note 3)</i>	89,321,279	89,321,279	39.69%
Mr. CHUA Domingo	Corporate interests <i>(note 4)</i>	89,321,279	95,121,279	42.26%
	Beneficial owner <i>(note 4)</i>	5,800,000		

## Management Statement *(Continued)*

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES *(Continued)*

- Notes:*
1. Dr. TAN Lucio C. beneficially held 2,190,000 underlying Shares as derivative interests. Dr. TAN, being the spouse of Mrs. TAN Carmen K. who was interested in 2,190,000 underlying Shares as derivative interests, was deemed or taken to be interested in such Shares as family interests in which Mrs. TAN Carmen K. was interested under the SFO.
  2. Mrs. TAN Carmen K. beneficially held 2,190,000 underlying Shares as derivative interests. Mrs. TAN, being the spouse of Dr. TAN Lucio C. who was interested in 89,321,279 Shares of the Company as a founder of a private discretionary trust and 2,190,000 underlying Shares as derivative interests, was deemed or taken to be interested in such Shares as family interests in which Dr. TAN Lucio C. was interested under the SFO.
  3. Carnation Investments Inc. was taken to be interested in 89,321,279 Shares in the Company as the entire issued share capital of Dynamic Development Corporation was held by Carnation Investments Inc. as trustee for a private discretionary trust.
  4. The corporate interests of Mr. CHUA Domingo were held through Dynamic Development Corporation. Dynamic Development Corporation is wholly-owned by Carnation Investments Inc. Mr. CHUA Domingo is the sole shareholder and director of Carnation Investments Inc. Mr. CHUA Domingo beneficially held 4,000,000 Shares and 1,800,000 underlying Shares as derivative interests.
  5. The calculation is derived from the aggregate interests as a percentage of the total number of issued Shares of the Company (i.e. 225,066,181 Shares) as at 31 December 2017.
  6. The references to 89,321,279 Shares in the Company in which Dr. TAN Lucio C., Mrs. TAN Carmen K., Mr. CHUA Domingo, Dynamic Development Corporation and Carnation Investments Inc. were interested or taken to be interested relate to the same block of Shares.

Save as disclosed above, as at 31 December 2017, 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.

### EMPLOYEES AND EMOLUMENT POLICY

At 31 December 2017, 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.

## Management Statement *(Continued)*

### EMPLOYEES AND EMOLUMENT POLICY *(Continued)*

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.

The Company has adopted share option schemes as incentive to Directors and eligible employees, details of the schemes are set out in note 16 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 2017, 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 2017 HK\$'000 (Unaudited)
Shenzhen Zhen Wah Harbour Enterprises Ltd. <i>(Note)</i>	49%	233,467

*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 combined 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 2017 are disclosed as follows:

	Combined statement of financial position <i>HK\$'000</i> (Unaudited)	Group's attributable interests <i>HK\$'000</i> (Unaudited)
Non-current assets	227,743	111,594
Current assets	41,806	20,485
Current liabilities	(11,503)	(5,636)
Non-current liabilities	(233,467)	(114,399)
<hr/>		
Net assets	24,579	12,044

### CORPORATE GOVERNANCE

Throughout the six months ended 31 December 2017, 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.

### 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 this unaudited interim report for the six months ended 31 December 2017.

By Order of the Board  
**CHAN Wing Kit, Frank**  
*Director and Chief Executive Officer*

Hong Kong, 27 February 2018

## REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

# Deloitte.

# 德勤

**TO THE BOARD OF DIRECTORS OF DYNAMIC HOLDINGS LIMITED**  
*(incorporated in the 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 18 to 36, which comprise the condensed consolidated statement of financial position as of 31 December 2017 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.

## Report on Review of Condensed Consolidated Financial Statements *(Continued)*

### 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  
27 February 2018



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

For the six months ended 31 December 2017

	Notes	Six months ended 31 December	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
<b>Revenue</b>	3	<b>54,536</b>	51,121
Direct costs		(12,189)	(10,752)
<b>Gross profit</b>		<b>42,347</b>	40,369
Other income, gains and losses	4	14,583	2,898
Increase in fair value of investment properties	10	47,408	42,974
Administrative expenses		(14,323)	(12,766)
Selling expenses		(487)	(574)
Finance costs	5	(1,562)	(1,992)
Share of loss of a joint venture		(4,852)	(5,123)
<b>Profit before taxation</b>	6	<b>83,114</b>	65,786
Taxation	7	(2,900)	(7,111)
<b>Profit for the period</b>		<b>80,214</b>	58,675
<b>Other comprehensive income (expense)</b>			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation to presentation currency		78,876	(88,542)
<b>Total comprehensive income (expense) for the period</b>		<b>159,090</b>	(29,867)

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income *(Continued)*

For the six months ended 31 December 2017

	<i>Note</i>	Six months ended 31 December	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
<b>Profit for the period attributable to:</b>			
Owners of the Company		<b>78,876</b>	58,003
Non-controlling interests		<b>1,338</b>	672
		<b>80,214</b>	58,675
<b>Total comprehensive income (expense) attributable to:</b>			
Owners of the Company		<b>156,376</b>	(28,986)
Non-controlling interests		<b>2,714</b>	(881)
		<b>159,090</b>	(29,867)
<b>Earnings per share (<i>Hong Kong cents</i>)</b>	<i>9</i>		
Basic		<b>35.05</b>	25.80
Diluted		<b>33.13</b>	24.55

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

		At 31 December 2017 HK\$'000 (Unaudited)	At 30 June 2017 HK\$'000 (Audited)
<b>Non-current Assets</b>			
Property, plant and equipment		2,209	2,214
Investment properties	10	2,115,060	1,990,736
Interest in a joint venture	11	86,008	86,974
Amount due from a joint venture	11	233,467	218,549
Other asset		1,435	1,382
		<b>2,438,179</b>	<b>2,299,855</b>
<b>Current Assets</b>			
Properties held for sale		16,347	15,675
Loan receivables	12	–	–
Trade and other receivables	13	50,785	35,438
Amount due from a non-controlling shareholder		915	881
Pledged bank deposits		14,986	4,610
Fixed bank deposits		135,942	130,035
Bank balances and cash		128,714	128,243
		<b>347,689</b>	<b>314,882</b>
<b>Current Liabilities</b>			
Trade and other payables	14	65,804	62,269
Tax payable		95,420	93,744
Dividend payable	8	6,752	–
Bank loans – due within one year		7,766	7,770
		<b>175,742</b>	<b>163,783</b>
<b>Net Current Assets</b>		<b>171,947</b>	<b>151,099</b>
<b>Total Assets less Current Liabilities</b>		<b>2,610,126</b>	<b>2,450,954</b>

Condensed Consolidated Statement of Financial Position *(Continued)*

At 31 December 2017

	<i>Note</i>	At 31 December 2017 <i>HK\$'000</i> (Unaudited)	At 30 June 2017 <i>HK\$'000</i> (Audited)
<b>Capital and Reserves</b>			
Share capital	15	<b>225,066</b>	225,066
Reserves		<b>1,902,636</b>	1,753,012
<b>Equity attributable to owners of the Company</b>		<b>2,127,702</b>	1,978,078
<b>Non-controlling interests</b>		<b>37,445</b>	34,731
<b>Total Equity</b>		<b>2,165,147</b>	2,012,809
<b>Non-current Liabilities</b>			
Bank loans – due after one year		<b>131,639</b>	135,520
Deferred tax liabilities		<b>313,340</b>	302,625
		<b>444,979</b>	438,145
		<b>2,610,126</b>	2,450,954

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2017

	Attributable to owners of the Company											Non-controlling interests	Total
	Share capital	Share premium	Special reserve	Capital redemption reserve	Translation reserve	Share option reserve	Other reserve	Statutory reserve	Retained profits	Sub-total			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(Note a)				(Note b)	(Note c)					
At 1 July 2017 (audited)	225,066	429,619	55,018	1,644	204,537	6,343	92,451	9,442	953,958	1,978,078	34,731	2,012,809	
Profit for the period	-	-	-	-	-	-	-	-	78,876	78,876	1,338	80,214	
Exchange differences arising on translation	-	-	-	-	77,500	-	-	-	-	77,500	1,376	78,876	
Total comprehensive income for the year	-	-	-	-	77,500	-	-	-	78,876	156,376	2,714	159,090	
Transfer	-	-	-	-	-	-	-	85	(85)	-	-	-	
Cash dividends (note 8)	-	-	-	-	-	-	-	-	(6,752)	(6,752)	-	(6,752)	
<b>At 31 December 2017 (unaudited)</b>	<b>225,066</b>	<b>429,619</b>	<b>55,018</b>	<b>1,644</b>	<b>282,037</b>	<b>6,343</b>	<b>92,451</b>	<b>9,527</b>	<b>1,025,997</b>	<b>2,127,702</b>	<b>37,445</b>	<b>2,165,147</b>	
At 1 July 2016 (audited)	224,419	429,292	55,018	1,644	232,750	6,586	92,451	9,442	850,744	1,902,346	34,154	1,936,500	
Profit for the period	-	-	-	-	-	-	-	-	58,003	58,003	672	58,675	
Exchange differences arising on translation	-	-	-	-	(86,989)	-	-	-	-	(86,989)	(1,553)	(88,542)	
Total comprehensive (expense) income for the year	-	-	-	-	(86,989)	-	-	-	58,003	(28,986)	(881)	(29,867)	
Issue of shares upon exercise of share options	597	302	-	-	-	(224)	-	-	-	675	-	675	
Cash dividends (note 8)	-	-	-	-	-	-	-	-	(6,750)	(6,750)	-	(6,750)	
At 31 December 2016 (unaudited)	225,016	429,594	55,018	1,644	145,761	6,362	92,451	9,442	901,997	1,867,285	33,273	1,900,558	

### 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 ("PRC") applicable to the Company's subsidiary in the PRC.



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2017

	Six months ended 31 December	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Net cash from operating activities</b>	<b>10,566</b>	3,911
<b>Net cash (used in) from investing activities</b>		
Interest received	1,495	3,834
(Placement) withdrawal of fixed bank deposits	(728)	8,071
(Placement) withdrawal of pledged bank deposits	(10,199)	1,714
Purchase of property, plant and equipment	(85)	(800)
	<b>(9,517)</b>	12,819
<b>Net cash used in financing activities</b>		
Issue of shares upon exercise of share options	–	675
Repayment of bank loans	(4,000)	(4,000)
Interest paid	(1,562)	(1,992)
	<b>(5,562)</b>	(5,317)
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(4,513)</b>	11,413
<b>Cash and cash equivalents at beginning of the period</b>	<b>128,243</b>	83,598
<b>Effect of foreign exchange rate changes</b>	<b>4,984</b>	(3,923)
<b>Cash and cash equivalents at end of the period, represented by bank balances and cash</b>	<b>128,714</b>	91,088

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2017

## 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 and 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, that are measured at their fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 December 2017 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 30 June 2017.

## 3. REVENUE AND SEGMENT INFORMATION

Information reported to the board of Directors (the “**Board**”) 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 sales.

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 property sales segment includes sales of the Group’s trading properties in Beijing.

These divisions, property rental and property sales analysed based on distinct geographical locations, are the basis on which the Group reports its segment information under Hong Kong Financial Reporting Standard 8 “*Operating Segments*”.

## Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 31 December 2017

### 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 sales		Consolidated	
	Beijing		Shanghai		Beijing		2017	2016
	2017	2016	Six months ended 31 December (Unaudited)		2017	2016		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
<b>SEGMENT REVENUE</b>								
External sales	17,941	17,436	36,595	33,685	-	-	54,536	51,121
<b>SEGMENT RESULT</b>	<b>27,119</b>	12,680	<b>62,213</b>	69,818	(95)	(99)	<b>89,237</b>	82,399
Unallocated other income							13,522	2,399
Unallocated corporate expenses							(13,231)	(11,897)
Finance costs							(1,562)	(1,992)
Share of loss of a joint venture							(4,852)	(5,123)
Profit before taxation							<b>83,114</b>	65,786

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, exchange gain (loss), bank interest income, imputed interest incomes on amount due from a joint venture and other receivables, finance costs and share of loss of a joint venture. This is the measure reported to the Board for the purposes of resources allocation and performance assessment.

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 31 December 2017

## 4. OTHER INCOME, GAINS AND LOSSES

	Six months ended 31 December	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Included in other income, gain and losses are:		
Bank interest income	1,552	1,913
Exchange gain (loss), net	5,029	(6,409)
Imputed interest income on amount due from a joint venture	6,711	6,895
Imputed interest income on other receivables	-	1

## 5. FINANCE COSTS

	Six months ended 31 December	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Interest on bank borrowings	1,562	1,992

## 6. PROFIT BEFORE TAXATION

	Six months ended 31 December	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	172	126

## Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 31 December 2017

### 7. TAXATION

	Six months ended 31 December	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
The tax charge comprises:		
Current tax in the PRC (other than Hong Kong)		
Current period	<b>3,761</b>	3,509
Deferred tax (credit) charge	<b>(861)</b>	3,602
	<b>2,900</b>	7,111

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 entity is 25%.

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.

### 8. DIVIDENDS

	Six months ended 31 December	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Final dividend payable in respect of year ended 30 June 2017 of 3 Hong Kong cents (2016: 3 Hong Kong cents) per share	<b>6,752</b>	6,750

Subsequent to the end of the current interim period, the Directors of the Company have declared that an interim dividend of 2.5 Hong Kong cents (six months ended 31 December 2016: 2.5 Hong Kong cents) will be paid to the owners of the Company whose names appear on the register of members of the Company on 13 April 2018.

## Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 31 December 2017

### 9. EARNINGS PER SHARE

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

	Six months ended 31 December	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Earnings</b>		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	<b>78,876</b>	58,003

	Six months ended 31 December	
	2017	2016
	(Unaudited)	(Unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>225,066,181</b>	224,811,901
Effect of dilutive potential ordinary shares on share options	<b>12,998,662</b>	11,448,153
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>238,064,843</b>	236,260,054

### 10. INVESTMENT PROPERTIES

	HK\$'000
<b>FAIR VALUE</b>	
At 1 July 2017 (audited)	1,990,736
Exchange realignment	76,916
Increase in fair value of investment properties	47,408
<b>At 31 December 2017 (unaudited)</b>	<b>2,115,060</b>

## Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 31 December 2017

### 10. INVESTMENT PROPERTIES *(Continued)*

The fair value of the Group's investment properties as at 30 June 2017 and 31 December 2017 has been arrived at on the basis of valuations carried out on those dates by Savills Valuation and Professional Services Limited, an independent firm of qualified 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 by reference to market evidence of transaction prices for similar properties in the same location and conditions or where appropriate by considering the capitalising income to be derived from the existing tenancies and the reversionary potential of the properties. The revaluation gave rise to a net gain arising from increase in fair value of HK\$47,408,000 (six months ended 31 December 2016: HK\$42,974,000) which has been recognised in profit or loss.

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

	At 31 December 2017 <i>HK\$'000</i> (Unaudited)	At 30 June 2017 <i>HK\$'000</i> (Audited)
Cost of investment, unlisted	<b>165,595</b>	162,265
Share of post-acquisition losses and reserves	<b>(79,587)</b>	(75,291)
	<b>86,008</b>	86,974
Amount due from a joint venture	<b>233,467</b>	218,549

*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.

## Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 31 December 2017

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

*Note: (Continued)*

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 entitled by the Group should be 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.

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 2017 which has not been recognised by the Group amounted to HK\$10,368,000 (30 June 2017: HK\$10,368,000), as the Directors of the Company 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 year. 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 prior year.

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 of the Company expect that the liquidation process is not expected to complete within one year. Accordingly, the Directors of the Company 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 to be 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 2017: 6%) per annum.

The Directors of the Company have assessed the recoverability of interest in a joint venture and amount due from a joint venture amounting to HK\$86,008,000 and HK\$233,467,000, respectively as at 31 December 2017. Based on the latest financial information and fair value of net assets of Zhen Wah, the Directors of the Company have concluded that the amounts will be fully recoverable.

Particulars of the joint venture as at 31 December 2017 and 30 June 2017 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



Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 31 December 2017

**12. LOAN RECEIVABLES**

	At 31 December 2017 <i>HK\$'000</i> (Unaudited)	At 30 June 2017 <i>HK\$'000</i> (Audited)
Loan receivables	<b>1,596</b>	1,537
Less: Allowance for doubtful debts	<b>(1,596)</b>	(1,537)
	<b>–</b>	–

The loan receivables were unsecured and interest-free. The amounts were all past due at the end of the reporting period.

**13. TRADE AND OTHER RECEIVABLES**

For property sales, the Group allows an average credit period of 30 days (30 June 2017: 30 days) to the buyers. Rentals receivable from tenants and service income receivables from customers are payable on presentation of invoices.

The following is an aged analysis of trade receivables of HK\$9,028,000 (30 June 2017: HK\$9,459,000) net of allowance for doubtful debts of HK\$3,326,000 (30 June 2017: HK\$3,430,000) presented based on invoice date at the end of the reporting period:

	At 31 December 2017 <i>HK\$'000</i> (Unaudited)	At 30 June 2017 <i>HK\$'000</i> (Audited)
0–60 days	<b>4,453</b>	4,335
61–90 days	<b>71</b>	116
More than 90 days	<b>1,178</b>	1,578
	<b>5,702</b>	6,029

Included in the Group's trade receivable balances are debtors with a carrying amount of HK\$2,355,000 (30 June 2017: HK\$2,481,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss. There has not been a significant change in credit quality and the management considers that the amounts are still recoverable. The Group does not hold any collateral over these balances. The average overdue age of these receivables is 209 days (30 June 2017: 92 days) overdue.

## Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 31 December 2017

### 13. TRADE AND OTHER RECEIVABLES *(Continued)*

*Aging of past due but not impaired trade receivables*

	At 31 December 2017 HK\$'000 (Unaudited)	At 30 June 2017 HK\$'000 (Audited)
Overdue:		
0–30 days	922	622
31–60 days	184	165
61–90 days	71	116
More than 90 days	1,178	1,578
	<b>2,355</b>	<b>2,481</b>

### 14. TRADE AND OTHER PAYABLES

At 31 December 2017, the balance of trade and other payables included trade payables of HK\$1,369,000 (30 June 2017: HK\$2,526,000). The following is an aged analysis of trade payables based on the invoice date at the end of the reporting period:

	At 31 December 2017 HK\$'000 (Unaudited)	At 30 June 2017 HK\$'000 (Audited)
0–60 days	554	2,057
Over 60 days	815	469
	<b>1,369</b>	<b>2,526</b>

The other payables mainly include rental deposits of HK\$31,381,000 (30 June 2017: HK\$29,628,000) and receipt in advance of HK\$4,140,000 (30 June 2017: HK\$5,645,000).

## Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 31 December 2017

### 15. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$1.00 each		
Authorised:		
At 1 July 2016, 30 June 2017 and <b>31 December 2017</b>	<b>300,000,000</b>	<b>300,000</b>
Issued and fully paid:		
At 1 July 2016	224,418,681	224,419
Issue upon exercise of share options <i>(Note)</i>	647,500	647
<b>At 30 June 2017 and 31 December 2017</b>	<b>225,066,181</b>	<b>225,066</b>

*Note:* During the year ended 30 June 2017, the Company issued 647,500 ordinary shares of HK\$1 each upon exercise of share options. The exercise price of the share options was HK\$1.13 per share. The new ordinary shares rank pari passu with the then existing shares in all respects.

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

The Company previously adopted a share option scheme on 21 December 2001 (the “**2001 Scheme**”). On 9 December 2011, 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 “**2011 Scheme**”) which will expire on 8 December 2021 and the simultaneous termination of the 2001 Scheme with effect from 9 December 2011. Both the 2001 Scheme and 2011 Scheme were adopted for the purpose of providing incentives to Directors, employees and eligible participants.

Under both the 2001 Scheme and 2011 Scheme, the Board of Directors 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 Directors of the Company pursuant 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.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2017

## 16. SHARE OPTION SCHEMES AND SHARE-BASED PAYMENTS (Continued)

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 2011 Scheme, such 10% represents 21,910,368 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 Directors of the Company, save that it shall not be more than ten years from the date of grant. A nominal consideration of HK\$1 is payable by the grantee on acceptance of each grant. The offer of a grant of share options may be accepted within 28 days from the date of the offer.

As at 31 December 2017, the number of Shares in respect of which Options had been granted and remained outstanding under the 2001 Scheme and the 2011 Scheme were 14,437,500 (30 June 2017: 14,437,500) Shares and 1,000,000 (30 June 2017: 1,000,000) Shares respectively, representing 6.6% (30 June 2017: 6.6%) and 0.5% (30 June 2017: 0.5%) of the Shares of the Company in issue as at the date of approval of the 2001 Scheme and 2011 Scheme.

The following tables disclose details of the Company's Options:

For the six months ended 31 December 2017

Date of grant	Exercise price per Share (HK\$)	Exercisable period	Number of Options				Outstanding at 31 December 2017
			Outstanding at 1 July 2017	Granted during the period	Exercised during the period	Lapsed during the period	
<b>2001 Scheme</b>							
25 October 2011	1.13	25 October 2011 to 24 October 2019	14,437,500	-	-	-	14,437,500
Exercisable at the end of the period							14,437,500
Weighted average exercise price (HK\$)							1.13
<b>2011 Scheme</b>							
10 November 2015	3.05	10 November 2015 to 24 October 2019	1,000,000	-	-	-	1,000,000
Exercisable at the end of the period							1,000,000
Weighted average exercise price (HK\$)							3.05

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2017

## 16. SHARE OPTION SCHEMES AND SHARE-BASED PAYMENTS (Continued)

For the six months ended 31 December 2016

Date of grant	Exercise price per share HK\$	Exercisable period	Number of Options				Outstanding at 31 December 2016
			Outstanding at 1 July 2016	Granted during the period	Exercised during the period	Lapsed during the period	
<b>2001 Scheme</b>							
25 October 2011	1.13	25 October 2011 to 24 October 2019	15,085,000	–	(597,500)	–	14,487,500
Exercisable at the end of the period							14,487,500
Weighted average exercise price (HK\$)			1.13	–	1.13	–	1.13
<b>2011 Scheme</b>							
10 November 2015	3.05	10 November 2015 to 24 October 2019	1,000,000	–	–	–	1,000,000
Exercisable at the end of the period							1,000,000
Weighted average exercise price (HK\$)			3.05	–	–	–	3.05

Options exercised during the six months ended 31 December 2016 resulted in 597,500 Shares being issued. The related weighted average closing price of the Share immediately before the dates on which the Options were exercised was HK\$4.27 per share.

For the Options granted on 25 October 2011, the fair value of each Option determined as at the date of grant using the binomial option pricing model was HK\$0.375.

Save as disclosed above, no other option was granted under 2001 Scheme and 2011 Scheme since their adoption.

## Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 31 December 2017

### 17. CONTINGENT LIABILITIES

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 2017, the Group had given guarantees in respect of such home loans of HK\$2,140,000 (30 June 2017: HK\$2,959,000). 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 to value ratio.

### 18. RELATED PARTY DISCLOSURES

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

	Six months ended 31 December	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Other income received	233	226
Rental and management fees paid	1,932	1,512
Consultancy service fees paid	500	500
Agency fees paid	389	361

Other outstanding balances with the following related companies, which are unsecured, interest-free and repayable on demand, at 31 December 2017 and 30 June 2017, are as follows:

	At 31 December 2017 HK\$'000 (Unaudited)	At 30 June 2017 HK\$'000 (Audited)
	Deposits due from related companies included in other receivables	515
Amounts due from related companies included in other receivables	1,589	1,884
Amount due to a related company included in other payables	1,203	801
Amount due from a non-controlling shareholder	915	881

The related companies are companies controlled by certain Directors of the Company.

During the current interim period, the emoluments of key management personnel were HK\$2,069,000 (six months ended 31 December 2016: HK\$1,863,000).