

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



**DYNAMIC HOLDINGS LIMITED**

**達力集團有限公司**

(Incorporated in Bermuda with limited liability)

(Stock Code: 029)

## **ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 30 JUNE 2015**

### **RESULTS**

The board of directors (the “**Directors**”) of Dynamic Holdings Limited (the “**Company**”) is pleased to announce that the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 30 June 2015 together with comparative figures for the previous year are as follows:

### **Consolidated Statement of Profit or Loss and Other Comprehensive Income**

		<b>Year ended 30 June</b>	
		<b>2015</b>	<b>2014</b>
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	3	<b>103,437</b>	106,215
Direct costs		<b>(20,981)</b>	(24,327)
Gross profit		<b>82,456</b>	81,888
Other income	4	<b>23,648</b>	23,333
Increase in fair value of investment properties		<b>57,224</b>	56,171
Administrative expenses		<b>(23,682)</b>	(26,514)
Selling expenses		<b>(479)</b>	(1,227)
Finance costs	6	<b>(4,791)</b>	(4,525)
Share of loss of a joint venture		<b>(12,020)</b>	(9,814)
Profit before taxation		<b>122,356</b>	119,312
Taxation	7	<b>(18,891)</b>	(22,811)
Profit for the year		<b>103,465</b>	96,501
Other comprehensive income for the year			
<i>Item that will not be reclassified</i>			
<i>subsequently to profit or loss:</i>			
Exchange differences on translation to presentation currency		<b>13,092</b>	6,383
Total comprehensive income for the year		<b>116,557</b>	102,884

		<b>Year ended 30 June</b>	
		<b>2015</b>	<b>2014</b>
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
Profit for the year attributable to:			
Owners of the Company		<b>101,586</b>	94,972
Non-controlling interest		<b>1,879</b>	1,529
		<b>103,465</b>	96,501
Total comprehensive income attributable to:			
Owners of the Company		<b>114,451</b>	101,269
Non-controlling interest		<b>2,106</b>	1,615
		<b>116,557</b>	102,884
Earnings per share ( <i>Hong Kong cents</i> )	9		
Basic		<b>46.3</b>	43.3
Diluted		<b>43.5</b>	40.9

## Consolidated Statement of Financial Position

		<b>At 30 June</b>	
		<b>2015</b>	2014
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Non-current Assets</b>			
Property, plant and equipment		<b>2,012</b>	1,979
Investment properties	10	<b>2,000,101</b>	1,930,079
Interest in a joint venture		<b>94,467</b>	76,235
Amount due from a joint venture		<b>239,924</b>	252,355
		<hr/>	<hr/>
		<b>2,336,504</b>	2,260,648
<b>Current Assets</b>			
Properties held for sale		<b>17,440</b>	17,315
Loan receivables		–	–
Trade and other receivables	11	<b>14,815</b>	12,349
Amount due from a non-controlling shareholder		<b>970</b>	964
Pledged bank balances and deposits		<b>7,488</b>	25,581
Fixed bank deposits		<b>167,844</b>	81,085
Bank balances and cash		<b>84,985</b>	142,676
		<hr/>	<hr/>
		<b>293,542</b>	279,970
<b>Current Liabilities</b>			
Trade and other payables	12	<b>62,206</b>	62,723
Tax payable		<b>102,231</b>	100,994
Bank loans – due within one year		<b>7,600</b>	7,618
		<hr/>	<hr/>
		<b>172,037</b>	171,335
<b>Net Current Assets</b>		<hr/>	<hr/>
		<b>121,505</b>	108,635
<b>Total Assets less Current Liabilities</b>		<hr/>	<hr/>
		<b>2,458,009</b>	2,369,283

	<b>At 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
<b>Capital and Reserves</b>		
Share capital	<b>219,404</b>	219,404
Reserves	<b>1,755,390</b>	1,651,909
	<hr/>	<hr/>
<b>Equity attributable to owners of the Company</b>	<b>1,974,794</b>	1,871,313
<b>Non-controlling interest</b>	<b>36,572</b>	34,466
	<hr/>	<hr/>
<b>Total Equity</b>	<b>2,011,366</b>	1,905,779
	<hr/>	<hr/>
<b>Non-current Liabilities</b>		
Bank loans – due after one year	<b>164,592</b>	191,192
Deferred tax liabilities	<b>282,051</b>	272,312
	<hr/>	<hr/>
	<b>446,643</b>	463,504
	<hr/>	<hr/>
	<b>2,458,009</b>	2,369,283
	<hr/>	<hr/>

*Notes:*

**1. BASIS OF PREPARATION**

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance (Cap. 622).

The consolidated financial statements have been prepared on the historical cost basis except for investment properties that are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods or service.

**2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)**

In the current year, the Group has applied the following amendments to HKFRSs and a new interpretation issued by the HKICPA.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

The application of the above amendments to HKFRSs and a new interpretation in the current year has had no material effect on the Group’s financial performance and positions for the current and prior years and/ or on the disclosures set out in these consolidated financial statements.

The Group has not early adopted the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKAS 1	Disclosure Initiative <sup>1</sup>
Amendments to HKAS 27	Equity Method in Separate Financial Statements <sup>1</sup>
Amendments to HKAS 16 And HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>1</sup>
Amendments to HKAS 16 And HKAS 41	Agriculture: Bearer Plants <sup>1</sup>
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle <sup>1</sup>
HKFRS 9	Financial Instruments <sup>4</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>2</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2016.

<sup>2</sup> Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2017.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2018.

#### **HKFRS 15 “Revenue from contracts with Customer”**

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 “Revenue”, HKAS 11 “Construction Contracts” and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods and services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, that is when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The Directors of the Company are in the process of ascertaining the financial effect of the application of HKFRS 15 on the Group’s financial performance and positions.

Other than as described above, the Directors anticipate that the application of these new and revised HKFRSs will have no material impact on the Group’s financial performance and positions.

### 3. TURNOVER 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 HKFRS 8 “*Operating Segments*”.

#### (a) Segment revenues and results

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

	Property rental				Property sales		Consolidated	
	Beijing		Shanghai		Beijing		2015	2014
	2015	2014	2015	2014	2015	2014		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>SEGMENT REVENUE</b>								
<b>TURNOVER</b>								
External sales	<u>36,386</u>	<u>35,216</u>	<u>67,051</u>	<u>61,646</u>	<u>–</u>	<u>9,353</u>	<u>103,437</u>	<u>106,215</u>
<b>SEGMENT RESULT</b>	<u>44,119</u>	<u>36,618</u>	<u>95,572</u>	<u>92,920</u>	<u>(158)</u>	<u>7,103</u>	<u>139,533</u>	<u>136,641</u>
Unallocated other income							22,216	21,614
Unallocated corporate expenses							(22,582)	(24,604)
Finance costs							(4,791)	(4,525)
Share of loss of a joint venture							<u>(12,020)</u>	<u>(9,814)</u>
Profit before taxation							<u>122,356</u>	<u>119,312</u>

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, bank interest income, imputed interest income on amount due from a joint venture, finance costs and share of result of a joint venture. This is the measure reported to the Board of Directors for the purposes of resources allocation and performance assessment.

(b) Segment assets and liabilities

	Property rental				Property sales		Consolidated	
	Beijing		Shanghai		Beijing		2015	2014
	2015	2014	2015	2014	2015	2014		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>ASSETS</b>								
Segment assets	705,822	685,213	1,302,217	1,252,398	23,948	21,981	2,031,987	1,959,592
Interest in a joint venture							94,467	76,235
Amount due from a joint venture							239,924	252,355
Unallocated corporate assets							263,668	252,436
Consolidated total assets							2,630,046	2,540,618
<b>LIABILITIES</b>								
Segment liabilities	5,950	6,244	31,279	30,614	14,581	15,873	51,810	52,731
Unallocated corporate liabilities							566,870	582,108
Consolidated total liabilities							618,680	634,839

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than interest in a joint venture, amount due from a joint venture, bank deposits, bank balances and cash and other corporate assets; and
- all liabilities are allocated to operating segments other than amount due to a related company included in trade and other payables, tax payable, bank loans, deferred tax liabilities and other corporate liabilities.



(c) **Other segment information**

	Property rental				Property sales		Segment Total		Unallocated		Consolidated	
	Beijing		Shanghai		Beijing							
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts included in the measure of segment result or segment assets and liabilities												
Capital expenditures	-	-	-	-	21	27	21	27	165	61	186	88
Depreciation	-	-	-	-	121	134	121	134	40	16	161	150
Impairment loss recognised (reversed) in respect of receivables, net	-	-	153	96	-	(75)	153	21	-	-	153	21
Increase in fair value of investment properties	16,801	13,254	40,423	42,917	-	-	57,224	56,171	-	-	57,224	56,171

(d) **Geographical information**

All of the Group's turnover from external customers are located in the PRC (other than Hong Kong).

The following is an analysis of the carrying amount of non-current assets analysed by the geographical area in which the assets are located:

	Carrying amount of non-current assets	
	2015	2014
	HK\$'000	HK\$'000
PRC (other than Hong Kong)	2,001,865	1,931,931

The Group's non-current assets above exclude interest in a joint venture, financial instruments and deferred tax assets, if any.

- (e) The Group does not have major customers as no single customer contributes more than 10% of the Group's turnover.

**4. OTHER INCOME**

	2015 HK\$'000	2014 HK\$'000
Included in other income are:		
Bank interest income	5,838	4,107
Exchange gain, net	411	646
Imputed interest income on other receivables	9	7
Imputed interest income on amount due from a joint venture	15,563	14,651

## 5. DEPRECIATION AND AMORTISATION

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Profit before taxation has been arrived at after charging:		
Depreciation	<u>161</u>	<u>150</u>
Amortisation	<u>–</u>	<u>–</u>

## 6. FINANCE COSTS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Interest on bank borrowings wholly repayable within five years	<u>4,791</u>	<u>4,525</u>

## 7. TAXATION

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
The tax charge comprises:		
Current tax in the PRC (other than Hong Kong)		
Current year	10,927	9,846
Under(over)provision in prior years	<u>29</u>	<u>(421)</u>
	10,956	9,425
PRC land appreciation tax (“LAT”)	–	3,017
Deferred taxation	<u>7,935</u>	<u>10,369</u>
	<u>18,891</u>	<u>22,811</u>

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

Under the Law of the People’s Republic of China 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% from 1 January 2008 onwards.

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.

The provision for LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions.

The EIT Law also requires withholding tax upon distribution of profits earned by the PRC entities since 1 January 2008 at 5%. At the end of the reporting period, deferred taxation of HK\$2,815,000 (2014: HK\$2,280,000) has been provided for in the consolidated financial statements in respect of the temporary differences attributable to such profits.

## 8. DIVIDENDS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Final dividend paid in respect of year ended 30 June 2014 of 2.5 Hong Kong cents (2013: 2.5 Hong Kong cents) per share	5,485	5,485
Interim dividend paid in respect of year ended 30 June 2015 of 2.5 Hong Kong cents (2014: 2.5 Hong Kong cents) per share	5,485	5,485
	<u>10,970</u>	<u>10,970</u>

The final dividend in respect of 3 Hong Kong cents per share totalling HK\$6,707,000 for the year ended 30 June 2015 has been proposed by the Directors of the Company and is subject to approval by the shareholders in the annual general meeting.

## 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:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Earnings</b>		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	<u>101,586</u>	<u>94,972</u>
	2015	2014
<b>Number of shares</b>		
Number of ordinary shares for the purpose of basic earnings per share	219,403,681	219,403,681
Effect of dilutive potential ordinary shares on share options	<u>14,066,666</u>	<u>13,065,734</u>
Number of ordinary shares for the purpose of diluted earnings per share	<u>233,470,347</u>	<u>232,469,415</u>

## 10. INVESTMENT PROPERTIES

	<i>HK\$'000</i>
<b>FAIR VALUE</b>	
At 1 July 2013	1,867,428
Exchange realignment	6,480
Increase in fair value recognised in profit or loss	<u>56,171</u>
At 30 June 2014	1,930,079
Exchange realignment	12,798
Increase in fair value recognised in profit or loss	<u>57,224</u>
<b>At 30 June 2015</b>	<u><b>2,000,101</b></u>

The fair value of the Group's investment properties as at 30 June 2015 and 2014 has been arrived at on the basis of valuations carried out on that date 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 property listings for similar properties in the same location and conditions or where appropriate by considering the capitalised income to be derived from the existing tenancies and the reversionary income potential of the properties. The revaluation gave rise to a net gain arising from increase in fair value of HK\$57,224,000 (2014: HK\$56,171,000) which has been credited to profit or loss. All the investment properties are situated in the PRC under medium-term lease.

The investment properties of the Group held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model for both years.

## 11. TRADE AND OTHER RECEIVABLES

At 30 June 2015, the balance of other receivables include receivables from home buyers who defaulted on repayment to banks, representing the loans taken over by the Group, of HK\$77,000 (2014: HK\$136,000) which are measured at amortised cost at an effective interest rate of 6.15% (2014: 6.15%) per annum. For property sales, other than home loans, the Group allows an average credit period of 30 days (2014: 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\$11,435,000 (2014: HK\$10,476,000) net of allowance for doubtful debt of HK\$3,731,000 (2014: HK\$3,651,000) presented based on invoice date at the end of the reporting period:

	<b>2015</b> <b>HK\$'000</b>	2014 <b>HK\$'000</b>
0–60 days	<b>7,288</b>	6,576
61–90 days	<b>396</b>	100
More than 90 days	<b>20</b>	149
	<hr/> <b>7,704</b> <hr/>	<hr/> 6,825 <hr/>

Before accepting any new customer, the Group carries out assessment on the creditability of the new customer and assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed regularly. 85% (2014: 93%) of the trade receivables are neither past due nor impaired and have good settlement repayment history.

Included in the Group's trade receivable balances are debtors with a carrying amount of HK\$1,173,000 (2014: HK\$467,000) which are past due at the reporting date 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 52 days (2014: 74 days) overdue.

### Aging of past due but not impaired trade receivables

	2015 HK\$'000	2014 HK\$'000
Overdue:		
0–30 days	757	184
31–60 days	–	34
61–90 days	396	100
More than 90 days	20	149
Total	<u>1,173</u>	<u>467</u>

## 12. TRADE AND OTHER PAYABLES

At 30 June 2015, the balance of trade and other payables included trade payables of HK\$1,648,000 (2014: HK\$1,845,000). The following is an aged analysis of trade payables based on the invoice date at the end of the reporting period:

	2015 HK\$'000	2014 HK\$'000
0–60 days	609	1,268
Over 60 days	1,039	577
	<u>1,648</u>	<u>1,845</u>

The other payables mainly include rental deposits of HK\$29,578,000 (2014: HK\$27,934,000) and receipt in advance of HK\$4,065,000 (2014: HK\$5,044,000).

## RESULTS REVIEW

For the financial year ended 30 June 2015, the Group recorded a turnover of HK\$103,437,000 (2014: HK\$106,215,000) and a gross profit of HK\$82,456,000 (2014: HK\$81,888,000). These results were mainly attributable to the improved rental income of investment properties of the Group as explained below together with increased gross profit margin of 80% (2014: 77%). Meanwhile, the turnover slightly dropped by 3% as compared with that of the last corresponding year, owing to reduced proceeds from sale of properties of the Group.

Moreover, the Group accounted for other income of HK\$23,648,000 (2014: HK\$23,333,000) that arose mainly from the imputed and bank interest income; as well as an increase in fair value of its investment properties in the sum of HK\$57,224,000 (2014: HK\$56,171,000).

The profit for the year attributable to owners of the Company amounted to HK\$101,586,000 (2014: HK\$94,972,000), which grew by 7% from that of the previous year pursuant to increase in rental turnover, other income and fair values of investment properties, with basic earnings per share of HK\$0.463 (2014: HK\$0.433). Excluding effect of fair-value change in investment properties together with the related tax effect, the underlying net profit of core rental business for the year attributable to owners was HK\$52,578,000 (2014: HK\$46,211,000), showing a rise of 14% from that of the last year by virtue of improved rental income.

Taken account of other comprehensive income of exchange difference on translation to presentation currency, the total comprehensive income attributable to owners of the Company amounted to HK\$114,451,000 (2014: HK\$101,269,000) for the year, showing a growth of 13% from that of the previous year.

## **BUSINESS REVIEW**

In the year under review, the operating segments of the Group consisted of property rental and property sales in the mainland China. The rental segment of investment properties in Beijing and Shanghai, the major segment assets of the Group with the growth of rental performance, stayed as the key and solid contributor of revenue and results of the Group.

The core rental business of investment properties of the Group, which were quality offices in Pudong in Shanghai and well-established mall together with carparks in Chaoyang District in Beijing with asset value in an aggregate of HK\$2,000,101,000 (2014: HK\$1,930,079,000), performed steadily well in the year. And the total revenue of property rental was HK\$103,437,000 (2014: HK\$96,862,000), which contributed to all (2014: 91%) of the total turnover of the Group and rose by 7% from that of the last year. In addition, the fair value of these investment properties appreciated in the total of HK\$57,224,000 (2014: HK\$56,171,000). As such, the segment results of property rental reported a profit of HK\$139,691,000 (2014: HK\$129,538,000), denoting a constant increment of 8% from that of the last year.

In Beijing, the mid-end and mass-market retail business still procured high occupancy rate and steady rental growth in the well-established community mall of the Group known as “Uptown Mall” in the year. The mall rental was in the sum of HK\$36,386,000 (2014: HK\$35,216,000), representing a slight increase of 3% as compared with that of the last year and sharing 35% (2014: 33%) of the total revenue of the Group. As regards fair value of these investment properties, the Group recognized appreciation in the sum of HK\$16,801,000 (2014: HK\$13,254,000). Consequently, the segment results (including the improved appreciation of properties) reported a profit of HK\$44,119,000 (2014: HK\$36,618,000), recording a moderate growth of 20% from that of the last year.

With limited residential units available for sale by the Group in Beijing, the proceeds from sale of residential units held by the Group at “Chaoyang Garden” were nil (2014: HK\$9,353,000), resulting in an administrative loss of HK\$158,000 (2014: a profit of HK\$7,103,000) in the segment results.

In Shanghai, the buoyant growth in financial industry boosted leasing momentum and net take-up occurred in the office market in prime business district in Pudong, where substantially benefited from the favorable policy in the China (Shanghai) Pilot Free Trade Zone. In the year, the quality offices of the Group known as “Eton Place” primely located at prominent financial area of Little Lujiazui were fully let at improved rental rate. And the rental revenue amounted to HK\$67,051,000 (2014: HK\$61,646,000), displaying a rise of 9% from that of the previous year and making up 65% (2014: 58%) of the total turnover of the Group. The fair value of these office properties appreciated in the sum of HK\$40,423,000 (2014: HK\$42,917,000). Thereby, the segment results (including the appreciation of properties) was making a profit of HK\$95,572,000 (2014: HK\$92,920,000), representing a slight increment of 3% from the one of the last year.

As for Shenzhen Zhen Wah Harbour Enterprises Ltd. (“**Zhen Wah**”), a joint venture in which the Company holds 49%, Zhen Wah has ceased business operations since the expiry of its operation period in January 2014. Thereafter, Zhen Wah has been winding down its activities, including dealing with terminated tenants’ claims and litigations.

Zhen Wah holds a piece of land located in Tung Kok Tau, Nanshan District, Shenzhen (the “**Land**”). In the year under review, the joint venture partners of Zhen Wah jointly worked and consulted with the relevant government departments on a master proposal for feasibility, comprehensive planning and design of the Land (the “**Discussion Proposal**”). The Discussion Proposal comprised various detailed matters and in particular, compensation arrangements for land expropriation and relocation of a portion of the Land for the purpose of re-development and city infrastructure (the “**Compensation Arrangements**”) and a re-development plan which includes increasing the plot ratio and rezoning certain areas of the Land together with arrangements for the Land to be divided between the joint venture partners (the “**Re-development Plan**”).

Although significant work has been undertaken in relation to agreeing on and implementing the Compensation Arrangements, no material or significant progress has been made regarding the Re-development Plan. The joint venture parties have not reached any agreement on the Re-development Plan and no approval or clearance has been obtained in relation thereto. Hence, the Discussion Proposal remains at an exploratory stage at this time as far as the Re-development Plan is concerned.

The slow progress was largely attributable to possible fundamental differences in the negotiation stance of the joint venture parties. In addition, this was aggravated by changes of shareholders and management of the PRC party to the joint venture (as the Company was so advised) which inevitably prolonged and made the negotiations more difficult and inconclusive.

If the joint venture partners cannot come to terms or relevant official approvals cannot be obtained, based on PRC legal advice received by the Group, the Land will eventually be sold by way of public auction or other applicable means in accordance with PRC laws, and any surplus (after settlement of all relevant liabilities and tax) will be distributed to the joint venture partners in accordance with their equity contributions.

Due to the complexities involved and the current divergent stance of the joint venture parties, it is not possible to set any timetable for the negotiations to come to a conclusion. There is also no assurance that the parties can reach agreement, in which case further dispute or litigation may arise with respect to matters concerning Zhen Wah and/or its assets. The Company will monitor the situation closely and may, at the appropriate time and circumstances, initiate court proceedings to force a compulsory winding up of Zhen Wah.



## **PROSPECTS**

Looking forward, it is believed that China's economy will enter a new stage of slower but more resilient growth, underpinned by solid economic fundamentals, the positive momentum in economic and financial development, the ongoing official monetary reforms and fiscal stimulus measures. It is believed that the slowing national economy will restructure to drive growth on emerging sectors such as the services industry and domestic consumption, bolstering leasing demand of office and retail sectors in the long term.

In Beijing, the market is anticipated to witness a further influx of new shopping areas, aggressive growth of on-line retail sales and official ongoing anti-graft campaign suppressing luxury consumption that will decelerate rental growth and occupancy rates of retail market. Nevertheless, a growing middle-class with enhancing urban disposable income and improving brand awareness from local residents will stabilize household spending and leasing activities of mid-end and mass-market retailers in Uptown Mall. The Group will continue to strategically optimize tenant mix and brand portfolio from time to time in line with shoppers' need and lifestyle, and to enhance shopping experience and services at "Uptown Mall" so as to evolve and reinforce its niche and position for sustaining high occupancy rate and constant revenue to the Group.

In Shanghai, the burgeoning development of financial services will be the major driver for economic growth. Hence, outlook for office market is positive, particularly Pudong given its strong position as China's financial hub, despite impending glut of premier office supply and infrastructural construction nearby Eton Place. And it is anticipated that the solid vitality of small- and medium-sized domestic enterprises especially those of financial sector will continue to foster office demand. To maintain high occupancy rate and steady recurring revenue, the Group will strive for retention and expansion of existing tenants and target on small- and medium-sized domestic tenants for new leases at competitive rental strategies.

In Shenzhen, the improved master plan of costal recreational zone in the western part of Shenzhen Bay associated with the cessation of operation of oil and gas depots nearby the Land as recently promulgated will enhance the potential for high-quality residential development in the region of Shekou, Nanshan District where the Land is situated. The Company has been and will continue to closely monitor the position with Zhen Wah. A flexible approach will need to be adopted and hence, the Company will continue to negotiate with the PRC joint venture party and relevant government authorities. However, if it becomes clear that a satisfactory resolution cannot be reached by agreement, the Company may proceed to petition to compulsorily wind up Zhen Wah under the supervision of the PRC court.

## **DIVIDENDS**

The Directors recommend the payment of a final dividend of 3 Hong Kong cents (2014: 2.5 Hong Kong cents) per share to the shareholders of the Company whose names appear on the register of members on 23 December 2015. An interim dividend of 2.5 Hong Kong cents per share were paid to the shareholders of the Company during the year which, in aggregate, gives total dividends for the year of 5.5 Hong Kong cents per share. Subject to approval of shareholders at the forthcoming annual general meeting of the Company, the warrants for the final dividend are expected to be despatched to those entitled on or about 8 January 2016.



## **CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING AND FINAL DIVIDEND**

For the purpose of ascertaining the rights of members to attend and vote at the forthcoming annual general meeting of the Company to be held on Friday, 11 December 2015, the register of members of the Company will be closed from Monday, 7 December 2015 to Friday, 11 December 2015 (both days inclusive). In order to be eligible to attend and vote at the meeting, 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 Friday, 4 December 2015.

For the purpose of determining the entitlement of members to the proposed final dividend of the Company for the year ended 30 June 2015, the register of members of the Company will be closed from Friday, 18 December 2015 to Wednesday, 23 December 2015 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final 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 Thursday, 17 December 2015.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

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

## **CORPORATE GOVERNANCE**

Throughout the year ended 30 June 2015, the Company has applied the principles and has complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

## **SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 June 2015 as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this preliminary announcement.

## AUDIT COMMITTEE

The annual results of the Group for the year have been reviewed by the audit committee of the Board. The consolidated financial statements of the Group have been audited by the auditor of the Company, Messrs. Deloitte Touche Tohmatsu, and it has issued an unqualified opinion.

## APPRECIATION

The Board of Directors would like to thank the shareholders, bankers, customers, suppliers of the Group and others who have extended their invaluable support to the Group and all staff of the Group for their considerable contributions to the Group in the year.

By Order of the Board  
**Dynamic Holdings Limited**  
**CHAN Wing Kit, Frank**  
*Chief Executive Officer*

Hong Kong, 25 September 2015

*As at the date of this announcement, the Board of the Company comprises Mr. TAN Harry Chua (Chairman), Dr. CHAN Wing Kit, Frank (Chief Executive Officer), Mr. TAN Lucio Jr. Khao, Mr. TAN Michael Gonzales, Mr. CHEUNG Chi Ming, Mr. PASCUAL Ramon Sy and Mr. CHIU Siu Hung, Allan as executive Directors; and Mr. CHONG Kim Chan, Kenneth, Dr. SY Robin Chua, Dr. FOK Kam Chu, John and Mr. GO Patrick Lim as independent non-executive Directors.*