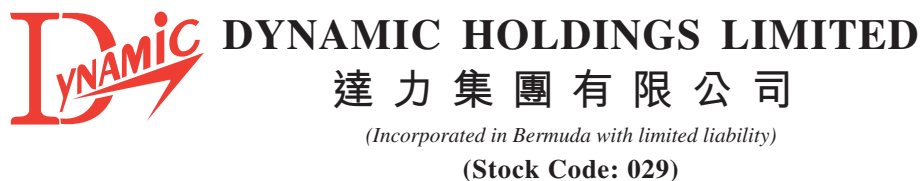


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ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 30 JUNE 2017

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 2017 together with comparative figures for the previous year are as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income

		Year ended 30 June	
		2017	2016
	Notes	HK\$'000	HK\$'000
Revenue	3	101,762	103,870
Direct costs		(22,062)	(19,899)
Gross profit		79,700	83,971
Other gains or losses	4	16,038	6,266
Increase in fair value of investment properties		92,896	83,076
Administrative expenses		(26,959)	(25,698)
Selling expenses		(789)	(792)
Finance costs		(4,016)	(4,243)
Share of loss of a joint venture		(10,197)	(9,812)
Profit before taxation		146,673	132,768
Taxation	5	(29,995)	(36,652)
Profit for the year		116,678	96,116
Other comprehensive expense 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		(28,723)	(164,681)
Total comprehensive income (expense) for the year		87,955	(68,565)

		Year ended 30 June	
		2017	2016
	<i>Note</i>	HK\$'000	HK\$'000
Profit for the year attributable to:			
Owners of the Company		115,591	95,085
Non-controlling interests		1,087	1,031
		<u>116,678</u>	<u>96,116</u>
Total comprehensive income (expense)			
attributable to:			
Owners of the Company		87,378	(66,749)
Non-controlling interests		577	(1,816)
		<u>87,955</u>	<u>(68,565)</u>
Earnings per share (<i>Hong Kong cents</i>)			
Basic	7	<u>51.4</u>	<u>42.7</u>
Diluted		<u>48.8</u>	<u>40.7</u>

Consolidated Statement of Financial Position

		At 30 June	
		2017	2016
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current Assets			
Property, plant and equipment		2,214	1,743
Investment properties	8	1,990,736	1,926,240
Interest in a joint venture	9	86,974	71,570
Amount due from a joint venture	9	218,549	235,184
Other asset		1,382	1,404
		<u>2,299,855</u>	<u>2,236,141</u>
Current Assets			
Properties held for sale		15,675	15,947
Loan receivables		–	–
Trade and other receivables	10	35,438	16,185
Amount due from a non-controlling shareholder		881	895
Pledged bank deposits		4,610	14,249
Fixed bank deposits		130,035	161,121
Bank balances and cash		128,243	83,598
		<u>314,882</u>	<u>291,995</u>
Current Liabilities			
Trade and other payables	11	62,269	61,670
Tax payable		93,744	96,800
Bank loans – due within one year		7,770	149,593
		<u>163,783</u>	<u>308,063</u>
Net Current Assets (Liabilities)		<u>151,099</u>	<u>(16,068)</u>
Total Assets less Current Liabilities		<u>2,450,954</u>	<u>2,220,073</u>

	At 30 June	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital and Reserves		
Share capital	225,066	224,419
Reserves	<u>1,753,012</u>	<u>1,677,927</u>
Equity attributable to owners of the Company	1,978,078	1,902,346
Non-controlling interests	<u>34,731</u>	<u>34,154</u>
Total Equity	<u>2,012,809</u>	<u>1,936,500</u>
Non-current Liabilities		
Bank loans – due after one year	135,520	–
Deferred tax liabilities	<u>302,625</u>	<u>283,573</u>
	<u>438,145</u>	<u>283,573</u>
	<u>2,450,954</u>	<u>2,220,073</u>

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.

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 AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the HKICPA:

Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying Consolidated Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations

The application of the amendments to HKFRSs in the current year has had no material impact 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.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments ²
HKFRS 15	Revenue from Contracts with Customers and the Related Amendments ²
HKFRS 16	Leases ³
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration ²
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments ³
Amendments to HKAS 7	Disclosure Initiative ¹
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses ¹
Amendments to HKAS 40	Transfers of Investment Property ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle ⁵
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ²
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴

¹ Effective for annual periods beginning on or after 1 January 2017

² Effective for annual periods beginning on or after 1 January 2018

³ Effective for annual periods beginning on or after 1 January 2019

⁴ Effective for annual periods beginning on or after a date to be determined

⁵ Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate

HKFRS 9 “Financial Instruments”

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income (“FVTOCI”). All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability’s credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity’s risk management activities have also been introduced.

Based on the Group’s financial instruments and risk management policies as at 30 June 2017, application of HKFRS 9 in the future may have a material impact on the classification and measurement of the Group’s financial assets. The Group’s available-for-sale investments, including those currently stated at cost less impairment, will either be measured as fair value through profit or loss or be designated as FVTOCI (subject to fulfillment of the designation criteria). In addition, the expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group’s financial assets measured at amortised cost.

HKFRS 15 “Revenue from Contracts with Customers”

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.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations as well as licensing application guidance.

The Directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the Directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 “Leases”

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 “Leases” and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Under HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

Under HKAS 17, the Group has already recognised an asset for finance lease arrangement and prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 30 June 2017, the Group has non-cancellable operating lease commitments of HK\$1,402,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the Group performs a detailed review.

Amendments to HKAS 7 “*Disclosure Initiative*”

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes. Specially, the amendments require the following changes in liabilities arising from financing activities to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

The amendments apply prospectively for annual periods beginning on or after 1 January 2017 with earlier application permitted. The application of the amendments will result in additional disclosures on the Group’s financing activities, specifically reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

Other than that, the Directors anticipate that the application of other new and amendments to HKFRSs will have no material impact on the financial performance and position and/or the disclosures of the Group’s consolidated financial statements.

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

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		2017	2016
	2017	2016	2017	2016	2017	2016		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
SEGMENT REVENUE								
REVENUE								
External sales	<u>33,541</u>	<u>36,269</u>	<u>68,221</u>	<u>67,601</u>	<u>-</u>	<u>-</u>	<u>101,762</u>	<u>103,870</u>
SEGMENT RESULT	<u>23,900</u>	<u>31,255</u>	<u>147,208</u>	<u>135,647</u>	<u>(173)</u>	<u>(140)</u>	<u>170,935</u>	<u>166,762</u>
Unallocated other income							<u>15,018</u>	<u>4,865</u>
Unallocated corporate expenses							<u>(25,067)</u>	<u>(24,804)</u>
Finance costs							<u>(4,016)</u>	<u>(4,243)</u>
Share of loss of a joint venture							<u>(10,197)</u>	<u>(9,812)</u>
Profit before taxation							<u>146,673</u>	<u>132,768</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, exchange loss, imputed interest income on amount due from a joint venture and finance costs. This is the measure reported to the Board for the purposes of resources allocation and performance assessment.

(b) **Segment assets and liabilities**

	Property rental				Property sales		Consolidated	
	Beijing		Shanghai		Beijing		2017	2016
	2017	2016	2017	2016	2017	2016		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
ASSETS								
Segment assets	<u>648,485</u>	<u>656,350</u>	<u>1,348,726</u>	<u>1,278,401</u>	<u>21,434</u>	<u>22,100</u>	<u>2,018,645</u>	<u>1,956,851</u>
Interest in a joint venture							<u>86,974</u>	<u>71,570</u>
Amount due from a joint venture							<u>218,549</u>	<u>235,184</u>
Unallocated corporate assets							<u>290,569</u>	<u>264,531</u>
Consolidated total assets							<u>2,614,737</u>	<u>2,528,136</u>
LIABILITIES								
Segment liabilities	<u>6,294</u>	<u>6,945</u>	<u>34,417</u>	<u>30,758</u>	<u>12,073</u>	<u>12,536</u>	<u>52,784</u>	<u>50,239</u>
Unallocated corporate liabilities							<u>549,144</u>	<u>541,397</u>
Consolidated total liabilities							<u>601,928</u>	<u>591,636</u>

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		2017	2016	2017	2016	2017	2016
	2017	2016	2017	2016	2017	2016						
	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	-	-	-	-	30	15	30	15	792	69	822	84
Depreciation	-	-	-	-	109	119	109	119	180	65	289	184
Impairment loss recognised (reversed) in respect of receivables, net	39	(110)	-	-	-	-	39	(110)	-	-	39	(110)
Increase in fair value of investment properties	2,850	4,816	90,046	78,260	-	-	92,896	83,076	-	-	92,896	83,076

(d) Geographical information

All of the Group's revenue 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	
	2017	2016
	HK\$'000	HK\$'000
PRC (other than Hong Kong)	1,992,124	1,927,768

The Group's non-current assets above exclude financial instruments.

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

4. OTHER GAINS AND LOSSES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Included in other gains and losses are:		
Bank interest income	3,262	3,524
Exchange loss, net	(2,422)	(12,785)
Imputed interest income on other receivables	1	3
Imputed interest income on amount due from a joint venture	<u>13,716</u>	<u>13,668</u>

5. TAXATION

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
The tax charge (credit) comprises:		
Current tax in the PRC (other than Hong Kong)		
Current year	7,049	12,909
Overprovision in prior years	<u>(186)</u>	<u>(255)</u>
	6,863	12,654
Deferred taxation	<u>23,132</u>	<u>23,998</u>
	<u>29,995</u>	<u>36,652</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 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.

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\$2,493,000 (2016: HK\$2,602,000) has been provided for in the consolidated financial statements in respect of the temporary differences attributable to such profits.

6. DIVIDENDS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Final dividend paid in respect of year ended 30 June 2016 of 3 Hong Kong cents (2015: 3 Hong Kong cents) per share	6,750	6,706
Interim dividend paid in respect of year ended 30 June 2017 of 2.5 Hong Kong cents (2016: 2.5 Hong Kong cents) per share	<u>5,627</u>	<u>5,590</u>
	<u>12,377</u>	<u>12,296</u>

The final dividend in respect of 3 Hong Kong cents per share totaling HK\$6,752,000 for the year ended 30 June 2017 has been proposed by the Directors of the Company and is subject to approval by the shareholders in the annual general meeting.

7. 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:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	115,591	95,085
	2017	2016
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	224,933,065	222,940,826
Effect of dilutive potential ordinary shares on share options	11,882,019	10,736,214
Number of ordinary shares for the purpose of diluted earnings per share	236,815,084	233,677,040

8. INVESTMENT PROPERTIES

	<i>HK\$'000</i>
FAIR VALUE	
At 1 July 2015	2,000,101
Exchange realignment	(156,937)
Increase in fair value recognised in profit or loss	83,076
At 30 June 2016	1,926,240
Exchange realignment	(28,400)
Increase in fair value recognised in profit or loss	92,896
At 30 June 2017	1,990,736

The fair value of the Group's investment properties as at 30 June 2017 and 2016 has been arrived at on the basis of valuations carried out 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 with adoption of the direct comparison approach by making reference to comparable sales transactions as available in the market and where appropriate, adopted the investment method by capitalising the rental incomes of the properties derived from the existing tenancies with due allowance for the reversionary income potential of the properties. The revaluation gave rise to a net gain arising from increase in fair value of HK\$92,896,000 (2016: HK\$83,076,000) which has been recognised in profit or loss. All the investment properties are situated in the PRC.

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.

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Cost of investment, unlisted	162,265	136,345
Share of post-acquisition losses and reserves	<u>(75,291)</u>	<u>(64,775)</u>
	<u>86,974</u>	<u>71,570</u>
Amount due from a joint venture	<u>218,549</u>	<u>235,184</u>

Note:

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

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

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

Also, the arbitral award made in 2010 supported the distribution of profit arising from relevant income generated from a piece of land held by Zhen Wah located in Tung Kok Tau, Shenzhen, the PRC before re-development 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 30 June 2016 which has not been recognised by the Group amounted to HK\$10,368,000 (2016: 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 the current 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 during the 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 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% (2016: 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\$86,974,000 and HK\$218,549,000, respectively as at 30 June 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.

10. TRADE AND OTHER RECEIVABLES

At 30 June 2017, 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\$31,000 (2016: HK\$46,000) which are measured at amortised cost at an effective interest rate of 6.15% (2016: 6.15%) per annum. For property sales, the Group allows an average credit period of 30 days (2016: 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\$9,459,000 (2016: HK\$11,794,000) net of allowance for doubtful debts of HK\$3,430,000 (2016: HK\$3,443,000) presented based on invoice date at the end of the reporting period:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
0–60 days	4,335	8,074
61–90 days	116	–
More than 90 days	1,578	277
	<u>6,029</u>	<u>8,351</u>

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. 59% (2016: 71%) 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\$2,481,000 (2016: HK\$2,464,000) 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 92 days (2016: 50 days) overdue.

Aging of past due but not impaired trade receivables

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Overdue:		
0–30 days	622	1,380
31–60 days	165	807
61–90 days	116	–
More than 90 days	1,578	277
	<hr/> 2,481	<hr/> 2,464

11. TRADE AND OTHER PAYABLES

At 30 June 2017, the balance of trade and other payables included trade payables of HK\$2,526,000 (2016: HK\$1,951,000). The following is an aged analysis of trade payables based on the invoice date at the end of the reporting period:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
0–60 days	2,057	845
Over 60 days	469	1,106
	<hr/> 2,526	<hr/> 1,951

The other payables mainly include rental deposits of HK\$29,628,000 (2016: HK\$29,307,000) and receipt in advance of HK\$5,645,000 (2016: HK\$3,454,000).

RESULTS REVIEW

For the financial year ended 30 June 2017, the Group recorded a total revenue of HK\$101,762,000 (2016: HK\$103,870,000) and gross profit of HK\$79,700,000 (2016: HK\$83,971,000). These results were mainly attributable to the stable rental income of investment properties of the Group all denominated in renminbi (“RMB”), together with gross profit margin of 78% (2016: 81%).

In addition, the Group reported other gain of HK\$16,038,000 (2016: HK\$6,266,000) that arose mainly from imputed interest income. It increased significantly due to the reduced net exchange loss and the net exchange loss was HK\$2,422,000 for the year (2016: HK\$12,785,000) arisen from the fluctuation of RMB devalued against Hong Kong dollar (“HK\$”). In addition, the Group recognized an aggregate increase in fair value of its investment properties in the sum of HK\$92,896,000 (2016: HK\$83,076,000).

After accounted for the effect of currency translation from functional currency in RMB to presentation currency in HK\$ that RMB devalued against HK\$ at about 2% in the year (2016: 8%), the profit for the year attributable to owners of the Company amounted to HK\$115,591,000 (2016: HK\$95,085,000), which rose by 22% from that of the previous year, with basic earnings per share of HK\$0.514 (2016: HK\$0.427).

Taken into account of other comprehensive expense of exchange difference on translation of RMB to presentation currency of HK\$ in the consolidated financial statements, the total comprehensive income attributable to owners of the Company amounted to HK\$87,378,000 (2016: total comprehensive expense of HK\$66,749,000) for the 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, which was the major segment assets of the Group with modest rental performance denominated in RMB, remained 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 carpark in Chaoyang District in Beijing with asset value in an aggregate of RMB1,727,800,000 (2016: RMB1,646,300,000), performed steadily in the year with total revenue of property rental of RMB89,279,000 (2016: RMB86,270,000), showing a mild increase of 4% as compared with that of last year. Such rental income presented in the financial statements in the sum of HK\$101,762,000 (2016: HK\$103,870,000) and contributed to all (2016: all) of the total turnover of the Group. Meanwhile, the fair value of these investment properties increased in the total of RMB81,500,000 (2016: RMB69,000,000), translating into HK\$92,896,000 (2016: HK\$83,076,000). As such, the segment results of property rental reported a profit of RMB150,118,000 (2016: RMB138,623,000) with a moderate increment of 8% from that of the last year and depicted in HK\$171,108,000 (2016: HK\$166,902,000).

In Beijing, the well-established community mall of the Group known as “Uptown Mall” with mid-range retailers sustained high occupancy in the year, notwithstanding in the face of strong competition from on-line retailers and emerging malls. The mall rental amounted to RMB29,426,000 (2016: RMB30,124,000), representing a slight drop of 2% as compared with that of the last year. This rental translated into HK\$33,541,000 (2016: HK\$36,269,000) and contributed 33% (2016: 35%) of the total revenue of the Group. The increase in fair value of these investment properties depicted in HK\$2,850,000 (2016: HK\$4,816,000), showing an increase in the sum of RMB2,500,000 (2016: RMB4,000,000) in the year. Consequently, the segment results (including the effect of fair-value appreciation of properties) reported a profit of RMB20,968,000 (2016: RMB25,960,000), showing a drop of 19% from that of the last year and translated into HK\$23,900,000 (2016: HK\$31,255,000).

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 (2016: nil), thereby incurring an administrative loss of HK\$173,000 (2016: HK\$140,000) in the segment results.

In Shanghai, office market in core business district in Pudong remained robust due to demand from local financial and professional companies in the year. The quality offices of the Group known as “Eton Place” primely located at prominent financial area of Little Lujiazui were almost taken up in full at moderate rental growth in the year. And the rental revenue amounted to RMB59,853,000 (2016: RMB56,146,000), denoting a moderate increase of 7% from that of the last year. It presented into HK\$68,221,000 (2016: HK\$67,601,000), making up 67% (2016: 65%) of the total turnover of the Group. The fair value of these office properties appreciated in the sum of RMB79,000,000 (2016: RMB65,000,000), depicting in HK\$90,046,000 (2016: HK\$78,260,000). Thereby, the segment results (including the effect of fair-value appreciation of properties) was making a profit of RMB129,150,000 (2016: RMB112,663,000), representing a moderate increment of 15% from the one of the last year and presented into HK\$147,208,000 (2016: HK\$135,647,000).

During the year, Shenzhen Zhen Wah Harbour Enterprises Ltd. (“**Zhen Wah**”, a sino-foreign equity joint venture in which the Company indirectly holds 49%), which holds a piece of land located in Tung Kok Tau, Nanshan District, Shenzhen (“**Land**”), entered into compulsory liquidation in July 2016 after the expiry of its operation period. The compulsory liquidation is conducted by a liquidation committee (“**Liquidation Committee**”) appointed by the PRC court and under the supervision of the PRC court.

In the year, the Group has been closely monitoring the liquidation proceedings with the assistance of its legal advisers and has filed with the Liquidation Committee claims for debts owed by Zhen Wah to the Group (“**Claims**”). The Claims have been under review by the Liquidation Committee. Meanwhile, the Group continued to work actively with the Liquidation Committee, relevant official authorities and Chinese joint venture partner regarding the liquidation and a proposal for re-zoning, compensation for demolition, relocation and increase of gross developable area of the Land.

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.

Due to complexity of issues involved in the liquidation of Zhen Wah including the aforesaid matters, the PRC court has accepted the application lodged by the Liquidation Committee to further extend the period of compulsory liquidation of Zhen Wah for six months up to January 2018.

In addition, based on recent PRC legal advice and to further strive for the best interests of the Group, the Group lodged an application for international arbitration with South China International Economic and Trade Arbitration Commission (“**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 has been accepted by Arbitration Commission in August 2017, and further announcement on the progress and/or result of the arbitration will be made as and when appropriate. Irrespective of the result of the arbitral proceedings between the Group and the Chinese joint venture partner, Zhen Wah will still be wound up in the liquidation process in due course.

FINANCIAL REVIEW

Capital Structure

The financial position of the Group remains sound and liquid. During the year under review, the financing and treasury policies of the Group were managed and controlled at the corporate level and prudent manner, to utilize the group funding and to manage the financial risks effectively. At 30 June 2017, the equity attributable to its owners amounted to HK\$1,978,078,000 (2016: HK\$1,902,346,000) with net asset value per share of HK\$8.79 (2016: HK\$8.48). Total unsecured and secured bank borrowings of the Group amounted to about HK\$143,290,000 (2016: HK\$149,593,000), which were in Hong Kong dollars and repayable within three years on floating rate basis. As at 30 June 2017, the gearing ratio of the Group was 7% (2016: 8%) based on the total debt of the Group to its equity attributable to owners of the Company. The exposure to foreign currency fluctuations of RMB against HK\$ affected the Group in the year resulting in net exchange loss of HK\$2,422,000 (2016: HK\$12,785,000) and no financial instruments were used for hedging purpose in the year. Meanwhile, the fluctuation of RMB may affect the financial performance and position of the Group, which the Group will continue to assess and minimize the adverse impact.

Financial Resources and Liquidity

In the year under review, there was sufficient cashflow as generated by rental revenue of investment properties in Shanghai and Beijing. As at 30 June 2017, the Group’s fixed bank deposits and bank balance and cash stood at HK\$258,278,000 (2016: HK\$244,719,000), denominated primarily in RMB. With sufficient cashflow, the Group maintained an un-utilised credit facilities of HK\$15,000,000 (2016: HK\$11,000,000) as working capital at floating interest rate as at 30 June 2017.

Pledge of Assets and Contingent Liabilities

As at 30 June 2017, the Group pledged its properties with a total carrying value of HK\$882,569,000 (2016: HK\$835,410,000), an assignment of rental and sale proceeds from such properties and a charge over shares in respect of a wholly-owned subsidiary of the Company to financial institution as security against general banking facilities granted to the Group, and also pledged certain of its bank deposits in the sum of HK\$4,610,000 (2016: HK\$14,249,000) 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 provided guarantees in respect of settlement of home loans provided by banks to the home buyers of a property project in Beijing. As at 30 June 2017, the Group provided guarantees in respect of such home loans of HK\$2,959,000 (2016: HK\$8,800,000). The Directors of the Company consider that the fair values of these financial guarantee contracts at their initial recognition and at the end of the reporting period are insignificant on the basis of the low loan ratio.

PROSPECTS

It is anticipated that the local economy of China will continue to grow in steady pace and that the official monetary policy will stabilize exchange rate of RMB and local investments, whereas the official national development of high-end service industry and focus on domestic consumption will sustain leasing demand of office and retail sectors.

In Beijing, strong competition from online retailers and increasing supply of retail space will put pressure on retail rental. However, it is expected that the burgeoning middle-class with growing disposable income and expenditure per capita will sustain mid-range and mass-market retailers. In order to maintain high occupancy rate and constant revenue to the Group, the Group will endeavor to proactively enhance leasing and marketing strategies, emphasizing an experience-focused brand mix and outlet stores in response to the shifting consumption trends.

In Shanghai, it is expected that take-up of office market will remain stable in Pudong as financial hub and bolstered by demand from financial and professional sectors. But the rental growth will be constrained due to influx of premier office supply and decentralization of office submarkets. To sustain 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 Group in Zhen Wah as an important investment of the Group in view of the improving infrastructure and upgrading surrounding area of the Land. It will continue to adopt the best available measures and take expedient actions, including but not limited to the abovementioned arbitration, with a view to protecting the Group's interests in 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 and other related parties. 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.

DIVIDENDS

The Board has resolved to recommend the payment of a final dividend of 3 Hong Kong cents (2016: 3 Hong Kong cents) per share to the shareholders of the Company whose names appear on the register of members of the Company on 22 December 2017. Together with the interim dividend of 2.5 Hong Kong cents per share which were paid to the shareholders of the Company during the year, the total dividend for the year amounts to a total of 5.5 Hong Kong cents per share. Subject to approval by the shareholders at the forthcoming annual general meeting of the Company to be held on Friday, 8 December 2017 (the “AGM”), the warrants for the final dividend are expected to be despatched to those entitled on or about 9 January 2018.

CLOSURE OF REGISTER OF MEMBERS FOR THE AGM AND FINAL DIVIDEND

For the purpose of ascertaining the rights of shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 5 December 2017 to Friday, 8 December 2017 (both days inclusive). In order to be eligible to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company 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, 4 December 2017.

For the purpose of determining the entitlement of shareholders to the proposed final dividend of the Company for the year ended 30 June 2017, the register of members of the Company will be closed from Tuesday, 19 December 2017 to Friday, 22 December 2017 (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 branch share registrar of the Company 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, 18 December 2017.

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 2017, the Company has applied the principles and has complied with the code provisions as set out in the Corporate Governance Code in Appendix 14 to the Listing Rules.

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.

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 2017 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.

APPRECIATION

The Board 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, 29 September 2017

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. PASCUAL Ramon Sy, Mr. CHUA Joseph Tan and Mr. CHIU Siu Hung, Allan as executive Directors; and Mr. CHONG Kim Chan, Kenneth, Dr. SY Robin Chua, Dr. FOK Kam Chu, John, Mr. GO Patrick Lim and Mr. TAN Kenway Hao as independent non-executive Directors.