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DYNAMIC HOLDINGS LIMITED
達力集團有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 29)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2023

RESULTS

The board of directors (the "**Directors**") of Dynamic Holdings Limited (the "**Company**") announces that the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 30 June 2023 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	
		2023	2022
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*	**79,734**	86,892
Direct costs		**(24,982)**	(24,965)
Gross profit		**54,752**	61,927
Other income, gains or losses	*4*	**17,346**	19,938
Decrease in fair value of investment properties	*8*	**(22,664)**	(17,223)
Administrative expenses		**(41,223)**	(43,299)
Selling expenses		**(623)**	(592)
Finance costs		**(3,133)**	(1,857)
Share of loss of a joint venture		**(3,449)**	(11,661)
Profit before taxation		**1,006**	7,233
Income tax credit	*5*	**6,241**	23,451
Profit for the year		**7,247**	30,684
Other comprehensive expense for the year			
Item that will not be reclassified to profit or loss:			
Exchange differences arising on translation of presentation currency		**(156,787)**	(60,881)
Total comprehensive expenses for the year		**(149,540)**	(30,197)

	Note	Year ended 30 June 2023 HK$'000	2022 HK$'000
Profit (loss) for the year attributable to:			
Owners of the Company		**6,634**	31,152
Non-controlling interests		**613**	(468)
		7,247	30,684
Total comprehensive expense attributable to:			
Owners of the Company		**(147,116)**	(28,574)
Non-controlling interests		**(2,424)**	(1,623)
		(149,540)	(30,197)
Earnings per share ***(Hong Kong cents)***	*7*		
Basic		**2.8**	13.1

Consolidated Statement of Financial Position

		At 30 June	
		2023	2022
	Notes	***HK$'000***	*HK$'000*
Non-current Assets			
Property, plant and equipment		**1,240**	1,818
Right-of-use asset		**1,053**	3,317
Investment properties	*8*	**1,840,814**	2,005,063
Interest in a joint venture	*9*	**82,331**	91,163
Amount due from a joint venture	*9*	**–**	235,768
Other asset		**1,301**	1,403
		1,926,739	2,338,532
Current Assets			
Trade and other receivables and prepayments	*10*	**20,912**	22,926
Amount due from a non-controlling shareholder		**830**	894
Amount due from a joint venture	*9*	**225,673**	–
Pledged bank deposits		**9,324**	36,624
Fixed bank deposits		**82,935**	98,374
Bank balances and cash		**130,020**	188,107
		469,694	346,925
Current Liabilities			
Trade and other payables	*11*	**34,363**	46,344
Lease liabilities		**1,134**	2,372
Tax payable		**87,456**	93,823
Bank loan – due within one year		**–**	91,833
		122,953	234,372
Net Current Assets		**346,741**	112,553
Total Assets less Current Liabilities		**2,273,480**	2,451,085

	At 30 June	
	2023	2022
	HK$'000	*HK$'000*
Capital and Reserves		
Share capital	**237,704**	237,704
Reserves	**1,747,364**	1,896,858
Equity attributable to owners of the Company	**1,985,068**	2,134,562
Non-controlling interests	**39,218**	41,642
Total Equity	**2,024,286**	2,176,204
Non-current Liabilities		
Deferred tax liabilities	**234,029**	262,633
Long-term rental deposits received	**15,165**	11,114
Lease liabilities	**–**	1,134
	249,194	274,881
	2,273,480	2,451,085

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 on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") 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 at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods or services.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Company's annual periods beginning on 1 July 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance 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 effective

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

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[4]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[4]
Amendments to HKAS 1	Non-current Liabilities with Covenants[4]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[4]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules[2]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after 1 January 2023 (except for HKAS 12 paragraphs 4A and 88A which are immediately effective upon issue of the amendments).
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 January 2024.

Except for the new and amendments to HKFRSs mentioned below, the Directors anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies"

HKAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 "Making Materiality Judgements" (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies.

Amendments to HKAS 8 "Definition of Accounting Estimates"

The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty – that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on 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.

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, residential and commercial units and carparks, are located in Shanghai and Beijing, the PRC.

The revenue from property rental for the year ended 30 June 2023 includes variable lease payments that do not depend on an index or a rate of HK$2,609,000 (2022: HK$2,475,000), the remaining amounts are lease payments that are fixed.

Property rental analysed based on distinct geographical locations, are the basis on which the Group reports its segment information under HKFRS 8 "Operating Segments".

Segment revenue and results

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

	Property rental				Consolidated	
	Beijing		Shanghai			
	2023	2022	**2023**	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
SEGMENT REVENUE						
REVENUE						
External sales	**27,037**	32,202	**52,697**	54,690	**79,734**	86,892
SEGMENT RESULTS	**5,513**	(38,818)	**32,992**	83,753	**38,505**	44,935
Unallocated other income, gains or losses					**9,448**	18,073
Unallocated corporate expenses					**(40,365)**	(42,257)
Finance costs					**(3,133)**	(1,857)
Share of loss of a joint venture					**(3,449)**	(11,661)
Profit before taxation					**1,006**	7,233

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

4. OTHER INCOME, GAINS OR LOSSES

	2023	2022
	HK$'000	*HK$'000*
Included in other income, gains or losses are:		
Imputed interest income on amount due from a joint venture	**12,802**	13,780
Bank interest income	**6,387**	6,254
Impairment losses reversed (recognised) on trade receivables under expected credit loss model	**643**	(949)
Government grants	**211**	107
Exchange loss, net	**(10,408)**	(2,526)

5. INCOME TAX CREDIT

	2023 *HK$'000*	2022 *HK$'000*
The tax credit comprises:		
Enterprise Income Tax in the PRC (other than Hong Kong)		
Current year	**4,630**	6,565
Overprovision in prior years	**(967)**	–
	3,663	6,565
Deferred tax credit	**(9,904)**	(30,016)
	(6,241)	(23,451)

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%.

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

The 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$2,641,000 (2022: HK$2,952,000) has been provided for in the consolidated financial statements in respect of the temporary differences attributable to such profits.

6. DIVIDENDS

	2023 *HK$'000*	2022 *HK$'000*
Final dividend paid in respect of year ended 30 June 2022 of 0.5 Hong Kong cents (2021: 1 Hong Kong cent) per share	**1,189**	2,377
Interim dividend paid in respect of year ended 30 June 2023 of 0.5 Hong Kong cents (2022: 0.5 Hong Kong cents) per share	**1,189**	1,189
	2,378	3,566

At the reporting date, the final dividend in respect of 0.5 Hong Kong cents per share totaling HK$1,189,000 (2022: 0.5 Hong Kong cents per share totaling HK$1,189,000) for the year ended 30 June 2023 has been proposed by the Board of Directors and is subject to approval by the shareholders in the annual general meeting.

7. EARNINGS PER SHARE

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

	2023	2022
	HK$'000	*HK$'000*
Earnings for the purposes of basic earnings per share	**6,634**	31,152

	2023	2022
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**237,703,681**	237,703,681

For both years, no diluted earnings per share is presented as there are no potential ordinary shares in issue.

8. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 July 2021	2,074,921
Additions	2,990
Decrease in fair value recognised in profit or loss	(17,223)
Exchange realignment	(55,625)
At 30 June 2022	2,005,063
Additions	3,019
Decrease in fair value recognised in profit or loss	(22,664)
Exchange realignment	(144,604)
At 30 June 2023	**1,840,814**

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. All the investment properties are situated in the PRC.

The fair value of the Group's investment properties (including residential, commercial and carparks portions and office units) as at 30 June 2023 and 2022 has been arrived at on the basis of valuations carried out by independent qualified professional valuer not connected with the Group with appropriate qualification and recent experience in the valuations of similar properties in the relevant locations.

The valuations were arrived at with adoption of the direct comparison approach by making reference to comparable sales transactions as available in the market and where appropriate, adopted the income capitalisation approach by capitalising the rental income of the properties derived from the existing tenancies with due allowance for the reversionary income potential of the properties. The revaluations gave rise to a net decrease in fair value of HK$22,664,000 (2022: HK$17,223,000) which has been recognised in profit or loss.

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

	2023	2022
	HK$'000	*HK$'000*
Cost of investment, unlisted	**210,790**	217,293
Share of post-acquisition losses and reserves	**(128,459)**	(126,130)
Interest in a joint venture	**82,331**	91,163
Amount due from a joint venture		
– Non-current	**–**	235,768
– Current	**225,673**	–

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

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 2023 which has not been recognised by the Group amounted to HK$10,368,000 (2022: HK$10,368,000), as the Directors consider the result of the arbitration is subject to the agreement of the Chinese joint venture partner.

The operation period of Zhen Wah expired on 16 January 2014. Both joint venture partners of Zhen Wah determined not to extend its operation period and an application was lodged to liquidate Zhen Wah via the Shenzhen Intermediate People's Court of Guangdong Province (the "**Court**") in prior years. The Court accepted the application for liquidation of Zhen Wah (the "**Compulsory Liquidation**") and appointed a law firm in the PRC as the liquidation committee of Zhen Wah in prior years.

During the year ended 30 June 2023, the Group and the Chinese joint venture partner, among others, entered into a memorandum of understanding (the "**Memorandum**") and agreed on principle on the implementation of the land swap between Zhen Wah and Nanshan Administration of Shenzhen Municipal Bureau of Planning and Natural Resources (the "**Bureau**") (the "**Land Swap**"), division of the new land into two plots of land, which would be allocated to the Group and the Chinese joint venture partner respectively (the "**Land Allocation**") subject to the Bureau's approval and the relevant laws, regulations and procedures, repayment arrangement on the amount due from a joint venture to the Group and withdrawal of the Compulsory Liquidation (the "**Compulsory Liquidation Withdrawal**") with a view to completing Land Swap and the Land Allocation on a joint and voluntary basis of the Group and the Chinese joint venture partner without the court proceedings. In addition, it was agreed by the parties that if the Land Swap and the Land Allocation could not be executed or completed as agreed, a compulsory liquidation of Zhen Wah would be reinstated. Subsequent to and in accordance with the Memorandum, the Compulsory Liquidation Withdrawal was approved and ordered by the Court on 4 May 2023, as announced by the Company on 9 May 2023.

According to the repayment arrangement as stated in the Memorandum, the amount due from a joint venture to the Group is expected to be fully recovered within one year from the end of the reporting period as it was agreed that such amount should be fully settled by the joint venture on or before the completion of the Land Swap and Land Allocation with the Bureau. Management has assessed on the overall progress of the Land Swap and Land Allocation and believed that it will be likely to be completed within one year from the end of the reporting period. Therefore, the amount due from a joint venture to the Group has been reclassified from non-current assets to current assets as at 30 June 2023. It is unsecured and carried at amortised cost (2022: expected to be recovered after the next twelve months from the end of the reporting period, unsecured and carried at amortised cost at an effective interest rate of 5.7% per annum).

Based on the PRC laws and regulations and the related interpretations by an external PRC legal counsel engaged by the Group, after the expiry of the operation period, during the Compulsory Liquidation process and after the Compulsory Liquidation be withdrawn, the legal identity of Zhen Wah still exists. Accordingly, the Directors continue to account for Zhen Wah as a joint venture of the Group using the equity method of accounting in these consolidated financial statements.

The Directors have assessed the recoverability of interest in a joint venture and amount due from a joint venture amounting to HK$82,331,000 (2022: HK$91,163,000) and HK$225,673,000 (2022: HK$235,768,000), respectively, as at 30 June 2023. During the year ended 30 June 2023, Zhen Wah was granted for the extension of construction land planning permit for the new piece of land situated in Tung Kok Tau, Nanshan District, Shenzhen, the PRC, to be granted by the relevant authority according to relevant agreements. Based on the latest financial information and fair value of net assets of Zhen Wah, the Directors have concluded that the amount of interest in a joint venture and the amount due from a joint venture will be fully recoverable. Therefore, no loss allowance was recognised in respect of the amount of interest in a joint venture and the amount due from a joint venture as at 30 June 2023 and 2022.

10. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

The following is an aged analysis of trade receivables of HK$9,439,000 (2022: HK$14,491,000) net of allowance for credit losses of HK$1,983,000 (2022: HK$2,808,000) presented based on the date of rendering services at the end of the reporting period:

	2023	2022
	HK$'000	*HK$'000*
0–30 days	**7,277**	9,231
31–60 days	**119**	1,710
61–90 days	**60**	701
More than 90 days	**–**	41
	7,456	11,683

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.

11. TRADE AND OTHER PAYABLES

As at 30 June 2023, the balance of trade and other payables included trade payables of HK$2,150,000 (2022: HK$3,158,000). The following is an aged analysis of trade payables based on the invoice date at the end of the reporting period:

	2023	2022
	HK$'000	*HK$'000*
0–60 days	**1,201**	1,302
61–90 days	**197**	234
Over 90 days	**752**	1,622
	2,150	3,158

The other payables mainly include rental deposits received of HK$7,775,000 (2022: HK$14,229,000), receipt in advance of HK$4,985,000 (2022: HK$2,848,000) and other tax payable of HK$3,993,000 (2022: HK$5,887,000).

RESULTS REVIEW

For the year ended 30 June 2023, the Group reported a total revenue of HK$79,734,000 (2022: HK$86,892,000) and a gross profit of HK$54,752,000 (2022: HK$61,927,000), showing a drop of revenue and gross profit about 8% and 12%, respectively, as compared with that of last year. The gross profit margin was about 69% (2022: 71%). These results were primarily attributable to the reduced rental revenue from investment properties of the Group in mainland China as denominated in renminbi yuan ("**RMB**") as a result of depreciation of RMB against HKD in the year as mentioned below.

During the year under review, the Group accounted for other income of HK$17,346,000 (2022: HK$19,938,000), which mainly arose from imputed and bank interest income in the sum of HK$19,189,000 (2022: HK$20,034,000) with net exchange loss of HK$10,408,000 (2022: HK$2,526,000) due to the depreciation of RMB against Hong Kong dollar ("**HKD**") as mentioned below. In addition, the Group recorded an aggregate decrease of HK$22,664,000 (2022: HK$17,223,000) in the fair value of the investment properties of the Group under the subdued market sentiment.

Taking into account the decrease in fair value of the investment properties together with the related effect of taxation in the year, the profit for the year attributable to shareholders of the Company was HK$6,634,000 (2022: HK$31,152,000), with basic earnings per share of 2.8 Hong Kong cents (2022: 13.1 Hong Kong cents).

In addition, due to exchange difference on currency translation to presentation currency in HKD from functional currency in RMB, which devalued against HKD by 7.8% (2022: 2.8%) in the year, the other comprehensive expense was HK$156,787,000 (2022: HK$60,881,000), and the total comprehensive expense attributable to shareholders of the Company amounted to HK$147,116,000 (2022: HK$28,574,000) in the year.

BUSINESS REVIEW

In the year under review, the overall revenue and results of the Group were principally derived from its operating segment in property rental in mainland China (the revenue of which was denominated in RMB), which performance dropped as compared with those of the last year as a result of the decrease in fair value of investment properties under depressed market sentiment of the property sector and the slower than expected economic recovery after the uplifting of COVID-19 restrictions in China, and reduced rental income due to depreciation of RMB against HKD in the year.

The rental income of the Group generated from its investment properties in two major cities, Shanghai and Beijing, was in the sum of RMB71,093,000 (2022: RMB71,978,000), denoting a slight drop of 1% as compared with that of last year. Taking into account currency translation to presentation currency in HKD from functional currency in RMB which devalued against HKD in the year, such rental income was presented in the financial statements in the sum of HK$79,734,000 (2022: HK$86,892,000), which represented all of the consolidated revenue income of the Group for both years.

The investment properties of the Group which comprised shopping mall, carparks and other certain properties in Beijing and office units in Shanghai depreciated in the sum of RMB20,208,000 (2022: RMB14,267,000), translating into HK$22,664,000 (2022: HK$17,223,000) in the year. As such, the segment results of property rental reported a profit of RMB34,332,000 (2022: RMB37,222,000), representing a profit of HK$38,505,000 (2022: HK$44,935,000), which performance was primarily due to the decrease in fair value and reduced rental income of the investment properties under subdued leasing activities in sluggish economy and market sentiment. Disregarding the changes in fair value of these investment properties and related tax effect, the underlying segment results would have been a profit of RMB54,540,000 (2022: RMB51,489,000), showing an increase of 6% as compared with that of last year, translating into HK$61,169,000 (2022: HK$62,158,000).

Beijing

In Beijing, the rental income was mainly generated from the well-established community mall of the Group in Chaoyang District with an average occupancy rate of about 78% (2022: 78%) throughout the year. The rental income of this segment (including car parks and other certain properties) in the year totalled RMB24,108,000 (2022: RMB26,675,000), which showed a decrease of about 10% as compared with that of last year. It translated into HK$27,037,000 (2022: HK$32,202,000) which accounted for 34% (2022: 37%) of the total revenue of the Group. The decrease in rental income is mainly due to sluggish economic growth, uncertainty about market recovery and conservative consumption for precautionary saving, weighing on retailers' leasing demands and edging down rental in the year as compared with that of the previous year. The fair value of these investment properties comprised shopping mall, carparks and other certain properties in Beijing decreased in the sum of RMB13,325,000 (2022: RMB46,790,000) as a whole, translating into HK$14,944,000 (2022: HK$56,485,000). After accounting for the change in the fair value of investment properties of the Group in Beijing, a profit of HK$5,513,000 (2022: a loss of HK$38,818,000) was recorded in this segment results in the year. Disregarding the changes in the fair value of these investment properties and related tax effects, this underlying segment result (including other income) would have been a profit of HK$20,457,000 (2022: HK$17,667,000), translating into RMB18,241,000 (2022: RMB14,635,000).

Shanghai

In Shanghai, the quality offices of the Group known as "Eton Place" which is in the prominent financial location of Lujiazui in Pudong recorded an improved average occupancy rate of about 89% (2022: 87%) in the year, whereas the rental income was in the sum of RMB46,986,000 (2022: RMB45,303,000), showing an increase of 4% as compared with that of last year. It translated into HK$52,697,000 (2022: HK$54,690,000) which accounted for 66% (2022: 63%) of the total revenue of the Group in the year. The results in rental income were primarily due to improved occupancy rate in that the relaxation of COVID-19 restrictions enhanced leasing demand for offices in the year. The fair value of these investment properties devalued in the sum of RMB6,883,000 (2022: appreciated in the sum of RMB32,523,000), translating into HK$7,720,000 (2022: appreciated in the sum of HK$39,262,000). After accounting for the change in the fair value of these investment properties of the Group in Shanghai, this segment result recorded a profit of HK$32,992,000 (2022: HK$83,753,000) in the year. Disregarding the changes in the fair value of these investment properties and related tax effects, this underlying segment result would have been a profit of HK$40,712,000 (2022: HK$44,491,000), translating into RMB36,300,000 (2022: RMB36,855,000).

Shenzhen

During the year under review, 深圳圳華港灣企業有限公司 (Shenzhen Zhen Wah Harbour Enterprises Ltd.) ("**Zhen Wah**", a joint venture in which the Company holds 49% of equity interests), which holds interests in a piece of land located in Tung Kok Tau, Nanshan District, Shenzhen (the "**Existing Land**"), previously was in its proceedings of compulsory liquidation (the "**Compulsory Liquidation**") which commenced in July 2016 under supervision of Shenzhen Intermediate People's Court of Guangdong Province (廣東省深圳市中級人民法院) (the "**Court**") and management of a liquidation committee as appointed by the Court.

The Group had been working actively with the joint venture partner of Zhen Wah (the "**JV Partner**") and the relevant official authorities in respect of the Existing Land. In 2019, Zhen Wah and Nanshan Administration of Shenzhen Municipal Bureau of Planning and Natural Resources (深圳市規劃和自然資源局南山管理局) (the "**Bureau**") agreed to arrange a land swap (the "**Land Swap**") such that the Existing Land would be surrendered to the Bureau in return for a new piece of land (the "**New Land**") to be granted by the Bureau to Zhen Wah without additional land premium payable subject to the terms and conditions as set out in the relevant agreements.

The New Land is located in Tung Kok Tau, Nanshan District, Shenzhen to the east of 後海大道 (Hou Hai Avenue), to the south of 蛇口新街 (Shekou New Street), to the west of 中心街 (Zhong Xin Road) and to the north of 望海路 (Wang Hai Road) and adjacent to a proposed development of an opera house and a metro line and station. The New Land comprises two contiguous plots with a combined site area of approximately 109,000 square metres and with land usage designated for residential and commercial purposes including office and supporting ancillary facilities. The total updated developable gross floor area is approximately 396,000 square metres for multi-purpose development.

During the year under review, the Group and JV Partner, among others, entered into a memorandum of understanding (the "**Memorandum**") and agreed in principle on the implementation of the Land Swap, division of the New Land into two plots of land, which would be allocated to the Group and JV Partner respectively (the "**Land Allocation**") subject to the Bureau's approval and the relevant laws, regulations and procedures, and withdrawal of the Compulsory Liquidation (the "**Compulsory Liquidation Withdrawal**") with a view to completing Land Swap and the Land Allocation on a joint and voluntary basis of the Group and JV Partner without the court proceedings. In addition, it was agreed by the parties that if the Land Swap and the Land Allocation could not be executed or completed as agreed, a compulsory liquidation of Zhen Wah would be reinstated.

Subsequent to and in accordance with the Memorandum, the Compulsory Liquidation Withdrawal was approved and ordered by the Court on 4 May 2023, as announced by the Company on 9 May 2023. In June 2023, various supplemental agreements to the 土地使用權出讓合同書 (Land Use Right Transfer Agreement) entered into in 1999 in respect of the Existing Land, and the 收地補償協議書 (Land Resumption Compensation Agreement) entered into in 2019 were signed among Zhen Wah, the Group and JV Partner with the Bureau for, amongst others, the division of the New Land into two plots of land namely land plot no. K709-0003 (the "**Group Allocated Land**") and land plot no. K709-0004 (the "**JV Partner Allocated Land**"), which would be allocated to the Group and JV Partner, respectively, without additional land premium payable subject to the formal and binding agreements to be entered into between the parties, approval of relevant authorities and/or the relevant laws, regulations and procedures where applicable.

The division of the New Land into two plots of land and the Land Allocation are the results of arm's length negotiations between the Group and JV Partner in conjunction with the Bureau. And it has been agreed by the Group and JV Partner in the Memorandum that neither party is required to pay any compensation to the other party in connection with such Land Allocation.

The Group Allocated Land (K709-0003) is located to the east of 後海大道 (Hou Hai Avenue), to the south of 蛇口新街 (Shekou New Street), to the north of 望海路 (Wang Hai Road) and to the west of the JV Partner Allocated Land, and has a site area of approximately 65,000 square metres and developable gross floor area of approximately 179,000 square metres (including 143,000 square metres for residential use and 29,000 square metres for commercial use and other for supporting ancillary facilities). The JV Partner Allocated Land (K709-0004) is located to the west of 中心街 (Zhong Xin Road) and to the south of 蛇口新街 (Shekou New Street), to the north of 望海路 (Wang Hai Road) and to the east of the Group Allocated Land, and has a site area of approximately 44,000 square metres and developable gross floor area of approximately 217,000 square metres (including 126,000 square metres for residential use, 81,000 square metres for commercial use and other for supporting ancillary facilities). Both plots of land are for multi-purpose development. And 建設用地規劃許可證 (Construction Land Planning Permit) in respect of the JV Partner Allocated Land and the Group Allocated Land were respectively issued by the Bureau to the JV Partner and the Group in August 2023. However, the Land Swap and the Land Allocation will still be subject to the entering into of other formal and binding agreements, issue of the land title documents and the relevant laws, regulations and procedures where applicable. As such, there is no assurance that there will be no changes, variations or amendments to the Land Swap and the Land Allocation.

Throughout the year, the Group has been working closely with the assistance of its legal advisers and tax consultant with the relevant parties including relevant government authorities in the PRC for various appropriate applications and approvals as required for the Land Swap and the Land Allocation according to the Memorandum and applicable laws, rules and regulations.

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

FINANCIAL REVIEW

Capital Structure

The financial position of the Group remains sound and liquid, and its financing and treasury policies are managed and controlled at the corporate level and in a prudent manner during the year. The main objective is to utilise the Group's funding efficiently and to manage the financial risks effectively. As at 30 June 2023, the equity attributable to its owners amounted to RMB1,830,193,000 (30 June 2022: RMB1,825,456,000) with net asset value per share of RMB7.70 (30 June 2022: RMB7.70), translating to HK$1,985,068,000 (30 June 2022: HK$2,134,562,000) with net asset value per share of HK$8.35 (30 June 2022: HK$8.98). Total bank borrowings of the Group amounted to nil (30 June 2022: HK$91,833,000, which were secured in Hong Kong dollars and repayable within one year on a floating rate basis). As at 30 June 2023, the gearing ratio of the Group was nil (30 June 2022: 4.3%) based on the total debt of the Group to its equity attributable to owners of the Company. The exposure to foreign currency fluctuations that affected the Group in the year under review was mainly the depreciation of RMB against HKD, resulting in the net exchange loss of HK$10,408,000 (2022: HK$2,526,000) and exchange difference on translation functional currency of RMB to presentation currency of HKD, amounting to other comprehensive expense was HK$156,787,000 (2022: HK$60,881,000). No financial instruments were used for hedging purposes in the year and the Group will continue to closely monitor the impact of the fluctuation of RMB in order to minimise its 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 2023, the bank balance and deposits and cash of the Group stood at HK$212,955,000 (30 June 2022: HK$286,481,000), in aggregate and denominated primarily in RMB. With sufficient cashflow, the Group maintained unutilised credit facilities of HK$1,000,000 (30 June 2022: HK$11,000,000) as working capital at a floating interest rate as at 30 June 2023. The Group's net current assets amounted to HK$346,741,000 (30 June 2022: HK$112,553,000) with a current ratio of 3.82 (30 June 2022: 1.48) as at 30 June 2023. No significant capital expenditure commitments and authorisations were made in the year.

Pledge of Assets and Contingent Liabilities

As at 30 June 2023, the borrowing of the Group was nil as it fully repaid all banking facilities previously granted by a financial institution. As a result of such full repayment, the Group is in the course of discharging and releasing the pledged properties with a total carrying value of HK$764,659,000 (30 June 2022: HK$823,209,000) provided for the purpose of and as security for such banking facilities comprising an assignment of rental and sale proceeds from such properties, a charge over shares in respect of a wholly-owned subsidiary of the Group, pledge of certain of its bank deposits in the sum of HK$9,324,000 (30 June 2022: HK$36,624,000). As at 30 June 2023, the Group had given guarantees amounting to nil (30 June 2022: HK$5,000) in respect of the settlement of home loans provided by bank to the home buyers of a property project in Beijing.

PROSPECTS

Although post-lockdown economic recovery has been slower than anticipated coupled with downward spiral of property market in China along with weak global economic growth will increase downside risk to economic outlook in China, it is believed that PRC government will adopt imperative policies and positive monetary measures to solidify the economy in China and to seek sustainable economic growth by way of capital spending in infrastructure and manufacturing to promote market confidence for domestic demand and to make domestic consumption as the key driver of future economic growth, that will underpin leasing activities of office and retail sectors.

In Beijing, it is anticipated that retail market will take time to resume recovery from conservative consumption and a sluggish economy. Nonetheless, it is believed that market confidence and retail consumption will be boosted with government supportive policies and measures. To maintain occupancy rate and recurring revenue, the Group will endeavor to actively adjust leasing and marketing strategies, to upgrade brand portfolios and leasing services alongside competitive and effective rental strategies to attract new retailers/tenants and retain existing retailers/tenants.

In Shanghai, it is expected that lackluster leasing activity needs time to recover and leasing demand for office space in core business districts will continue to be soft pulling down office rental income, overall occupancy and rental growth on core business location such as Lujiazui. Meanwhile, the Group will continue to deploy its competitive and effective rental strategies from time to time with fitting-out subsidies and more flexible leasing terms, to attract new tenants and retain existing tenants so as to maintain occupancy rate and recurring revenues.

The metropolis Shenzhen, being the official Shenzhen Demonstration Pilot Zone and hightech hub as well as the mainland's top city for overall economic and digital competitiveness and premier special economic zone, is expected to remain as the core and leading engine to drive the development of Guangdong-Hong Kong-Macao Greater Bay Area, in particular, the improved mobility in the region after the uplifting of COVID-19 restriction.

The real estate market is being impacted by the economic uncertainties and challenges with soft market sentiment, the outlook for Shenzhen's property market is anticipated to regain growth and remain positive, as supported by the strong economic and demographics fundamentals along with constant optimization of the official preferential policies that aim to boost the virtuous cycle and healthy development of the real estate sector. This will enhance the long-term and sustainable development value of the New Land in Tung Kok Tau, Nanshan District, Shenzhen.

However, the process relating to the Land Swap, the Land Allocation and the liquidation of Zhen Wah involve complex and sophisticated issues and negotiations with various parties including relevant government authorities in the PRC. As such, there is no assurance that the Land Swap and Land Allocation can be completed, the Land Swap and the Land Allocation and the liquidation of Zhen Wah will not be subject to significant delay, oppositions, obstructions and further dispute or litigation. It was agreed by the Group and JV Partner pursuant to the Memorandum that, if the Land Swap and the Land Allocation could not be executed or completed as agreed, a compulsory liquidation of Zhen Wah would be reinstated. In such event, the assets of Zhen Wah will eventually be sold by way of public auction or disposed of by other applicable means in accordance with the PRC laws, and any surplus (after settlement of all relevant liabilities including taxation) will be distributed to the joint venture partners in accordance with their equity contributions, based on the PRC legal advice received by the Group.

Should the Land Swap and the Land Allocation can be successful completion, the Group will continue to act proactively for safeguarding the best interests of the Company in relation to Zhen Wah, its asset and Land Allocation. It will keep on adopting the best available measures and take expedient action with a view to protecting the Company's best interests in the context of the Land Swap, the Land Allocation and the liquidation of Zhen Wah in this respect The Group will closely monitor the developments and continue to seek PRC legal advice and to take expedient actions (including but not limited to litigation and/or arbitration) to further strive for the best interest of the Group in Zhen Wah and its assets.

The Company will make such further announcements and disclosures upon signing the formal land use right transfer contract as and when appropriate.

DIVIDENDS

The Board has resolved to recommend the payment of a final dividend of 0.5 Hong Kong cents (2022: 0.5 Hong Kong cents) per share to the shareholders of the Company whose names appear on the register of members of the Company on Friday, 22 December 2023. Together with the interim dividend of 0.5 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 1 Hong Kong cent per share. Subject to approval by the shareholders at the forthcoming annual general meeting of the Company to be held on Friday, 8 December 2023 ("**2023 AGM**"), the warrants for the final dividend are expected to be despatched to those entitled on or about Tuesday, 9 January 2024.

CLOSURE OF REGISTER OF MEMBERS FOR THE 2023 AGM AND FINAL DIVIDEND

For the purpose of ascertaining the rights of shareholders to attend and vote at the 2023 AGM, the register of members of the Company will be closed from Tuesday, 5 December 2023 to Friday, 8 December 2023 (both days inclusive). In order to be eligible to attend and vote at the 2023 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 4 December 2023.

For the purpose of determining the entitlement of shareholders to the proposed final dividend of the Company for the year ended 30 June 2023, the register of members of the Company will be closed from Tuesday, 19 December 2023 to Friday, 22 December 2023 (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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 18 December 2023.

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 2023, the Company has applied the principles and has complied with the code provisions as set out in the Corporate Governance Code stipulated in Appendix 14 to the Listing Rules.

AUDIT COMMITTEE

The Audit Committee reviewed the applicable accounting principles and practices adopted by the Company and discussed the auditing, risk management and internal control systems and financial reporting matters including a review of the audited annual results of the Company for the year ended 30 June 2023 with the auditor and management. 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 2023 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 other stakeholders who have extended their continued support to the Group and all staff of the Group for their contributions to the Group in the year.

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

Hong Kong, 27 September 2023

As at the date of this announcement, the Board of the Company comprises Dr. TAN Lucio C. (Chairman), Mr. CHIU Siu Hung, Allan (Chief Executive Officer), Mrs. TAN Carmen K., Mr. PASCUAL Ramon Sy, Ms. TAN Vivienne Khao and Ms. TAN Irene Khao as executive Directors; and Mr. CHONG Kim Chan, Kenneth, Mr. GO Patrick Lim, Mr. NGU Angel and Mr. MA Chiu Tak, Anthony as independent non-executive Directors.