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 2024

RESULTS

The board of directors (the "**Directors**") of Dynamic Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 30 June 2024 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	
		2024	2023
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*	**71,573**	79,734
Direct costs		**(26,608)**	(24,982)
Gross profit		**44,965**	54,752
Other income, gains or losses	*4*	**3,083**	17,346
Decrease in fair value of investment properties	*8*	**(23,927)**	(22,664)
Administrative expenses		**(46,900)**	(41,223)
Selling expenses		**(666)**	(623)
Finance costs		**(199)**	(3,133)
Share of profit (loss) of a joint venture	*9*	**12,635,773**	(3,449)
Profit before taxation		**12,612,129**	1,006
Income tax (charge) credit	*5*		
– current tax		**(4,331)**	(3,663)
– deferred tax	*13*	**(7,253,522)**	9,904
		(7,257,853)	6,241
Profit for the year		**5,354,276**	7,247
Other comprehensive income (expense) for the year			
Item that will not be reclassified to profit or loss:			
Exchange differences arising on translation of presentation currency		**18,460**	(156,787)
Total comprehensive income (expense) for the year		**5,372,736**	(149,540)

	Note	Year ended 30 June 2024 HK$'000	2023 HK$'000
Profit for the year attributable to:			
Owners of the Company		**5,353,955**	6,634
Non-controlling interests		**321**	613
		5,354,276	7,247
Total comprehensive income (expense) attributable to:			
Owners of the Company		**5,372,015**	(147,116)
Non-controlling interests		**721**	(2,424)
		5,372,736	(149,540)
Earnings per share ***(Hong Kong cents)***	*7*		
Basic		**2,252.4**	2.8

Consolidated Statement of Financial Position

		At 30 June	
		2024	2023
	Notes	***HK$'000***	*HK$'000*
Non-current Assets			
Property, plant and equipment		**1,431**	1,240
Right-of-use asset		**5,409**	1,053
Investment properties	*8*	**1,838,227**	1,840,814
Interest in a joint venture	*9*	**–**	82,331
Other asset		**1,189**	1,301
		1,846,256	1,926,739
Current Assets			
Properties under development	*10*	**12,797,147**	–
Trade and other receivables and prepayments	*11*	**15,576**	20,912
Amount due from a non-controlling shareholder		**838**	830
Amount due from a joint venture		**–**	225,673
Pledged bank deposits		**–**	9,324
Fixed bank deposits		**282,909**	82,935
Bank balances and cash		**139,429**	130,020
		13,235,899	469,694
Current Liabilities			
Trade and other payables	*12*	**87,438**	34,363
Lease liabilities		**2,194**	1,134
Tax payable		**88,828**	87,456
		178,460	122,953
Net Current Assets		**13,057,439**	346,741
Total Assets less Current Liabilities		**14,903,695**	2,273,480

	Note	At 30 June 2024 HK$'000	2023 HK$'000
Capital and Reserves			
Share capital		**237,704**	237,704
Reserves		**7,117,001**	1,747,364
Equity attributable to owners of the Company		**7,354,705**	1,985,068
Non-controlling interests		**39,939**	39,218
Total Equity		**7,394,644**	2,024,286
Non-current Liabilities			
Deferred tax liabilities	*13*	**7,496,793**	234,029
Long-term rental deposits received		**8,805**	15,165
Lease liabilities		**3,453**	–
		7,509,051	249,194
		14,903,695	2,273,480

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 NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amendments to HKFRSs that are mandatorily effective for the current year

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

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

Except as described below, the application of the new and 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.

2.1 Impacts on application of Amendments to HKAS 8 Definition of Accounting Estimates

The Group has applied the amendments for the first time in the current year. 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. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. The application of the amendments in the current year had no material impact on the consolidated financial statements.

2.2 Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 "Presentation of Financial Statements" 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 has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies.

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:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKFRSs	Annual Improvements to HKFRS Accounting Standards – Volume 11[4]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[3]
HKFRS 18	Presentation and Disclosure in Financial Statements[5]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2024.
3 Effective for annual periods beginning on or after 1 January 2025.
4 Effective for annual periods beginning on or after 1 January 2026.
5 Effective for annual periods beginning on or after 1 January 2027.

Except as described 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.

Impacts on application of HKFRS 18 Presentation and Disclosure in Financial Statements

The new HKFRS 18 introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss and other comprehensive income; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. HKFRS 18 sets out requirements on presentation and disclosures in financial statements and it will replace HKAS 1 "Presentation of Financial Statements". Minor amendments to HKAS 7 "Statement of Cash Flows" and HKAS 33 "Earnings per Share" are also made.

HKFRS 18 will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and other comprehensive income and statement of cash flows and disclosures in the future financial statements. The Group will continue to assess the impact of HKFRS 18 on the Group's consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

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

Information reported to the Board 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 the property under development.

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

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

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 under development		Consolidated	
	Beijing		Shanghai		Shenzhen			
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
SEGMENT REVENUE								
REVENUE								
External sales	**29,171**	27,037	**42,402**	52,697	**–**	–	**71,573**	79,734
SEGMENT RESULTS	**2,407**	5,513	**17,706**	32,992	**(939)**	–	**19,174**	38,505
Unallocated other income, gains or losses							**2,256**	9,448
Unallocated corporate expenses							**(44,875)**	(40,365)
Finance costs							**(199)**	(3,133)
Share of profit (loss) of a joint venture							**12,635,773**	(3,449)
Profit before taxation							**12,612,129**	1,006

Segment result represents the profit (loss) from each segment without the allocation of central administration costs, certain other income, gains and losses (mainly including imputed interest income on amount due from a joint venture, bank interest income, exchange gain (loss), net, impairment losses recognised on amount due from a joint venture under expected credit loss ("**ECL**") model and others), finance costs and share of profit (loss) of a joint venture. This is the measure reported to the Board for the purposes of resources allocation and performance assessment.

4. OTHER INCOME, GAINS OR LOSSES

	2024	2023
	HK$'000	*HK$'000*
Included in other income, gains or losses are:		
Imputed interest income on amount due from a joint venture	**–**	12,802
Bank interest income	**7,032**	6,387
Impairment losses (recognised) reversed on trade receivables under ECL model	**(1,082)**	643
Impairment losses recognised on amount due from a joint venture under ECL model	**(2,153)**	–
Exchange gain (loss), net	**4,297**	(10,408)

5. INCOME TAX CHARGE (CREDIT)

	2024	2023
	HK$'000	*HK$'000*
The tax charge (credit) comprises:		
Enterprise Income Tax in the PRC (other than Hong Kong)		
Current year	**4,331**	4,630
Overprovision in prior years	**–**	(967)
	4,331	3,663
Deferred tax charge (credit)	**7,253,522**	(9,904)
	7,257,853	(6,241)

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% for both years.

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$2,571,000 (2023: HK$2,641,000) has been provided for in the consolidated financial statements in respect of the temporary differences attributable to such profits.

6. DIVIDENDS

	2024	2023
	HK$'000	*HK$'000*
Final 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
Interim dividend paid in respect of year ended 30 June 2024 of 0.5 Hong Kong cents (2023: 0.5 Hong Kong cents) per share	**1,189**	1,189
	2,378	2,378

At the reporting date, the final dividend in respect of 0.5 Hong Kong cents per share totaling HK$1,189,000 (2023: 0.5 Hong Kong cents per share totaling HK$1,189,000) for the year ended 30 June 2024 has been proposed by the Board 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:

	2024	2023
	HK$'000	*HK$'000*
Earnings for the purposes of basic earnings per share	**5,353,955**	6,634

	2024	2023
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 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
Additions	2,545
Decrease in fair value recognised in profit or loss	(23,927)
Exchange realignment	18,795
At 30 June 2024	**1,838,227**

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 2024 and 2023 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 decrease in fair value of HK$23,927,000 (2023: HK$22,664,000) which has been recognised in profit or loss.

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

	2024	2023
	HK$'000	*HK$'000*
Cost of investment, unlisted	**74,386**	210,790
Share of post-acquisition profits (losses) and reserves	**12,678,203***	(128,459)
Less: Deemed distribution from joint venture	**(12,752,589)**	–
Interest in a joint venture	**–**	82,331
Amount due from a joint venture	**–**	225,673

* Amount included the fair value gain in respect of the Group Allocated Land (as defined below) shared by the Group. The fair value of the Group Allocated Land at the date of deemed distribution from a joint venture to the Group was determined based on residual method.

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 of Zhen Wah (the "**JV Partner**") as to the percentages of equity interest held in Zhen Wah in prior years. Two arbitral proceedings were heard and two arbitral awards were made by China International Economic and Trade Arbitration Commission in 2008 and 2010.

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

Also, the arbitral award made in 2010 supported the distribution of profit arising from relevant income generated from a piece of land held by Zhen Wah located in Tung Kok Tau, Shenzhen, the PRC before re-development, of which the Group should be entitled to a share of 80% in line with share of total capital contributed to Zhen Wah.

The distribution of profit arising from relevant income was accounted for under the equity method based on the Group's 49% equity interest in Zhen Wah. The additional share of 31% up to 30 June 2024 which has not been recognised by the Group amounted to HK$10,368,000 (2023: 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 "**PRC Court**") in prior years. The PRC 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.

On 14 April 2023, the Group and the JV Partner, among others, entered into a memorandum of understanding (the "**Memorandum**") and agreed on principle on the implementation of the land swap (the "**Land Swap**") between Zhen Wah and 深圳市規劃和自然資源局南山管理局 (Nanshan Administration of Shenzhen Municipal Bureau of Planning and Natural Resources) (the "**Bureau**"), division of the new land into two plots of land, which would be allocated to the Group and the JV Partner respectively (the "**Land Allocation**") subject to the Bureau's approval and the relevant laws, regulations and procedures, repayment arrangement on the amount due from Zhen Wah to the Group and withdrawal of the Compulsory Liquidation (the "**Compulsory Liquidation Withdrawal**") with a view to completing Land Swap and the Land Allocation on a joint and voluntary basis of the Group and the JV Partner without the court proceedings. In addition, it was agreed by the parties that if the Land Swap and the Land Allocation could not be executed or completed as agreed, a compulsory liquidation of Zhen Wah would be reinstated. Subsequent to and in accordance with the Memorandum, the Compulsory Liquidation Withdrawal was approved and ordered by the Court on 4 May 2023, as announced by the Company on 9 May 2023.

According to the repayment arrangement as stated in the Memorandum, the amount due from a joint venture to the Group was expected to be fully recovered within one year as at 30 June 2023 as it was agreed that such amount should be fully settled by the joint venture on or before the completion of the Land Swap and Land Allocation with the Bureau. As at 30 June 2023, the amount is unsecured and carried at amortised cost. During the current year, the amount due from joint venture has been substantially settled with the remaining balances amounted to HK$2,150,000 is being provided for provision of ECL.

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

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

10. PROPERTIES UNDER DEVELOPMENT

The properties under development of the Group represent the land-use-rights for a piece of land situated near Tung Kok Tau in Shenzhen, the PRC, with land-use-rights of up to 70 years commencing on 5 June 2008, which was granted to the Group during the year. On 23 February 2024, the Group has obtained the land-use-right certificate.

The management of the Group had carried out assessment on the properties under development based on the lower of cost and net realisable value. The net realisable value was determined with reference to the valuation performed by an independent qualified professional valuer.

11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

The following is an aged analysis of trade receivables of HK$4,771,000 (2023: HK$9,439,000) net of allowance for credit losses of HK$2,124,000 (2023: HK$1,983,000) presented based on the date of rendering services at the end of the reporting period:

	2024	2023
	HK$'000	*HK$'000*
0–30 days	**2,244**	7,277
31–60 days	**361**	119
61–90 days	**42**	60
	2,647	7,456

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.

12. TRADE AND OTHER PAYABLES

As at 30 June 2024, the balance of trade and other payables included trade payables of HK$1,114,000 (2023: HK$2,150,000). The following is an aged analysis of trade payables based on the invoice date at the end of the reporting period:

	2024	2023
	HK$'000	*HK$'000*
0–60 days	**755**	1,201
61–90 days	**93**	197
Over 90 days	**266**	752
	1,114	2,150

The other payables mainly include rental deposits received of HK$9,069,000 (2023: HK$7,775,000), receipt in advance of HK$4,921,000 (2023: HK$4,985,000) and other tax payable of HK$5,795,000 (2023: HK$3,993,000) and provision of compensation payable to an ex-tenant for its relocation amounted to HK$51,834,000 (2023: nil).

13. DEFERRED TAX LIABILITIES

The major deferred tax liabilities recognised by the Group and movements thereon during the current and prior reporting periods are as follows:

	Undistributed earnings of a PRC subsidiary *HK$'000*	**Investment properties** *HK$'000*	**Properties under development** *HK$'000*	**Total** *HK$'000*
At 1 July 2022	2,952	259,681	–	262,633
Exchange realignment	(210)	(18,490)	–	(18,700)
Credit to profit or loss	(101)	(9,803)	–	(9,904)
At 30 June 2023	2,641	231,388	–	234,029
Exchange realignment	26	2,372	6,843	9,241
(Credit) charge to profit or loss	(96)	(8,793)	7,262,412	7,253,523
At 30 June 2024	**2,571**	**224,967**	**7,269,255**	**7,496,793**

The increase in deferred tax liabilities for the year ended 30 June 2024 mainly represents the deferred taxation for fair value gain in respect of the Group Allocated Land and settlement of the deferred tax liabilities occurs when the related properties are developed and being disposed of.

RESULTS REVIEW

For the year ended 30 June 2024, the Group reported a total revenue of HK$71,573,000 (2023: HK$79,734,000) and a gross profit of HK$44,965,000 (2023: HK$54,752,000), showing a drop of revenue and gross profit about 10% and 18% respectively, as compared with that of last year. The gross profit margin was about 63% (2023: 69%). 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**") during the year as mentioned below.

During the year under review, the Group accounted for other income, gains or losses in the amount of HK$3,083,000 (2023: HK$17,346,000), which arose mainly from bank interest income of HK$7,032,000 (2023: HK$6,387,000) and net exchange gain of HK$4,297,000 (2023: net exchange loss of HK$10,408,000) in the year. Furthermore, the Group recorded an aggregate decrease of HK$23,927,000 (2023: HK$22,664,000) in the fair value of the investment properties under stagnant market sentiment in the year.

In addition, the Group shared a substantial profit of the joint venture of the Group (the "**JV**") in mainland China in the year, amounting to HK$12,635,773,000 primarily arisen from the recognition of fair value gain in respect of the Group Allocated Land (as defined below) distributed to the Group by the JV, as announced by the Company on 20 December 2023 and disclosed in the last interim report for the six months ended 31 December 2023.

Taking into account of the above-mentioned decrease in fair value of investment properties, the share of the profit of the JV in the year together with the related effect of deferred taxation, the Group recorded a significant profit for the year attributable to shareholders of the Company in the sum of HK$5,353,955,000 (2023: HK$6,634,000), with basic earnings per share of HK$22.52 (2023: HK$0.028).

In addition, due to exchange difference on translation to presentation currency in Hong Kong dollar ("**HKD**") from functional currency in RMB, which appreciated against HKD by 1% (2023: devalued by 7.8%) as at the end of the year, the other comprehensive income was HK$18,460,000 (2023: other comprehensive expense of HK$156,787,000), and the total comprehensive income attributable to shareholders of the Company amounted to HK$5,372,015,000 (2023: total comprehensive expense of HK$147,116,000) in the year.

BUSINESS REVIEW

In the year under review, the overall revenue and segment results of the Group were derived from its operating segments in property rental (the revenue of which was denominated in RMB) generated from its investment properties and in property under development in mainland China. The performance of rental segment of the Group was primarily affected by the decreasing fair value of investment properties as compared with those of the last corresponding year due to prevailing depressed market sentiment of the property sector in mainland China.

The rental income of the Group generated from its investment properties in two major cities, namely Shanghai and Beijing, was in the amount of RMB65,215,000 (2023: RMB71,093,000), showing a drop of about 8% income as compared with that of last corresponding year. Such rental income presented in the financial statements in the sum of HK$71,573,000 (2023: HK$79,734,000), which represented all (2023: all) of the consolidated revenue income of the Group in the year. The fair value of the investment properties of the Group, which comprised shopping malls, car parks and other certain properties in Beijing and office units in Shanghai, recorded a decrease in the sum of RMB21,802,000 (equivalent to HK$23,927,000) (2023: RMB20,208,000 (equivalent to HK$22,664,000)) under sluggish economy and stagnant market sentiment in the year. As such, the results of property rental segment recorded a profit of RMB18,326,000 (equivalent to HK$20,113,000) (2023: RMB34,332,000 (equivalent to HK$38,505,000)). Excluding the effects of the changes in fair value of these investment properties and related tax effect, the underlying segment results recorded a profit of RMB40,128,000 (equivalent to HK$44,040,000) (2023: RMB54,540,000 (equivalent to HK$61,169,000)).

Besides, the Group Allocated Land (as defined below) which was a piece of land situated in Shenzhen for development of residential and commercial use with ancillary facilities and distributed to the Group in the year as mentioned below, was properties under development and had not yet generated any revenue (2023: nil), thereby the segment recorded a loss of HK$939,000 (2023: nil) in the year.

Beijing

In Beijing, the rental income generated from the well-established community mall of the Group in Chaoyang District increased together with average occupancy rate of about 86% (2023: 78%) throughout the year. The rental income of this segment (including car parks and other certain properties) in the year totaled RMB26,579,000 (2023: RMB24,108,000) representing an increase of about 10%, as compared with that of the last corresponding year. It translated into HK$29,171,000 (2023: HK$27,037,000) which accounted for 41% (2023: 34%) of the total revenue of the Group. The increase of rental income was mainly due to improved occupancy rate and retailing sentiment in Beijing in the year. And the fair value of these investment properties decreased in the sum of RMB11,369,000 (equivalent to HK$12,477,000) (2023: RMB13,325,000 (equivalent to HK$14,944,000)), and a profit of HK$2,407,000 (2023: HK$5,513,000) was recorded in the segment results in the year. Excluding the effects of the changes in fair value of these investment properties and related tax effect, the underlying segment results recorded a profit of RMB13,562,000 (equivalent to HK$14,884,000) (2023: RMB18,241,000 (equivalent to HK$20,457,000)).

Shanghai

In Shanghai, the quality offices of the Group known as "Eton Place" located in core financial district of Little Lujiazui in Pudong had an average occupancy rate of about 83% (2023: 89%) in the year, whereas the rental income was in the sum of RMB38,635,000 (2023: RMB46,986,000), representing a drop of about 18%, as compared with that of the last corresponding year. It translated into HK$42,402,000 (2023: HK$52,697,000) which accounted for 59% (2023: 66%) of the total revenue of the Group in the year. The drop in rental income was primarily due to the influx of new office supply under weak leasing market and major tenants' default for rental payments under sluggish economy in Shanghai, causing low net take-up rate and edging down rental in the office. In the year, the fair value of these investment properties devalued in the sum of RMB10,433,000 (equivalent to HK$11,450,000) (2023: RMB6,883,000 (equivalent to HK$7,720,000)), and a profit of HK$17,706,000 (2023: HK$32,992,000) was recorded in the segment results in the year. Excluding the effects of the changes in fair value of these investment properties and related tax effect, the underlying segment results recorded a profit of RMB26,566,000 (equivalent to HK$29,156,000) (2023: RMB36,300,000 (equivalent to HK$40,712,000)).

Shenzhen

As disclosed in the last interim report, Shenzhen Zhen Wah Harbour Enterprises Ltd. ("**Zhen Wah**", the JV in which the Company holds 49% of equity interests), which previously held interests in a piece of land located in Tung Kok Tau, Nanshan District, Shenzhen (the "**Previous Land**"), and was in compulsory liquidation under supervision of Shenzhen Intermediate People's Court of Guangdong Province (the "**PRC Court**"), and subsequently withdrew in May 2023 pursuant to a memorandum (the "**Memorandum**") signed among the Group, the joint venture partner of Zhen Wah (the "**JV Partner**") and others in April 2023. The Group and the JV Partner jointly continued the liquidation of Zhen Wah in the year under review.

In the year, the Group continued to work actively with the JV Partner and the relevant official authorities in respect of a land swap that was to surrender the Previous Land to 深圳市規劃和自然資源局南山管理局 (Nanshan Administration of Shenzhen Municipal Bureau of Planning and Natural Resources) (the "**Bureau**") in return for a new piece of land (the "**New Land**") as granted by the Bureau to Zhen Wah and division of the New Land into two plots of land nos K709-0003 and K709-0004, as allocated to the Group and the JV Partner respectively (the "**Land Allocation**") according to the Memorandum, relevant agreements, laws, regulations and procedures.

As announced by the Company on 20 December 2023, Dynamic (B.V.I.) Limited ("**Dynamic BVI**", a shareholder of Zhen Wah and a wholly-owned subsidiary of the Company) entered into 深圳市國有建設用地使用權出讓合同 (Shenzhen State-owned Construction Land Use Rights Transfer Contract) (the "**Group Land Transfer Contract**") with the Bureau on 14 December 2023, in which the Bureau agreed to grant the land plot no. K709-0003 (the "**Group Allocated Land**") to Dynamic BVI, while the JV Partner also entered into 深圳市國有建設用地使用權出讓合同 (Shenzhen State-owned Construction Land Use Rights Transfer Contract) with the Bureau, in which the Bureau agreed to grant the land plot no. K709-0004 (the "**JV Partner Allocated Land**") to the JV Partner. On the same day, Dynamic BVI and the Bureau also entered into a supplemental agreement to the Group Land Transfer Contract to confirm that, after the entering into of the Group Land Transfer Contract and the JV Partner Land Transfer Contract, the relevant compensation issues for the Previous Land had been fully resolved, and Dynamic BVI was not entitled to make any other compensation claims to the government. A second supplemental agreement to the Group Land Transfer Contract was entered into on 15 December 2023 between the Bureau, Dynamic BVI and 深圳市達力房地產開發有限公司 (Shenzhen Dynamic Real Estate Development Co., Ltd.) ("**Shenzhen Dynamic**"), a wholly-owned subsidiary of the Company established under the laws of the PRC, pursuant to which the Bureau had agreed that the land use rights of the Group Allocated Land to be changed from Dynamic BVI to Shenzhen Dynamic according to the relevant agreements, laws, regulations and procedures.

The Group Allocated Land (K709-0003) is located to the east of 後海大道 (Hou Hai Avenue), to the south of 蛇口新街 (Shekou New Street), to the north of 望海路 (Wang Hai Road) and to the west of the JV Partner Allocated Land, and has a site area of approximately 65,000 square metres and developable gross floor area of approximately 179,000 square metres (including 143,000 square metres for residential use and 29,000 square metres for commercial use and other for supporting ancillary facilities). The Group Allocated Land was for multi-purpose development, with 建設用地規劃許可證 (The Construction Land Planning Permit) and 不動產權証書 (State-owned Land Use Right Certificate) as issued by the Bureau to the Group in August 2023 and February 2024 respectively. The Group Allocated Land has been held as properties under development, which the Group has been working with various relevant parties to study and discuss for various development options, in line with recent optimization of city planning and infrastructure (including development of metro line and station) for cultural and leisure facilities in the region adherent to the opera house nearby.

Moreover, the Group, the JV Partner and Zhen Wah had settled the land premium previously which was paid by Zhen Wah to the Bureau in respect of the Previous Land for the purpose of the Land Allocation in accordance with the respective percentages of equity interests in Zhen Wah. Further, the Group recognised a fair value gain of the Group Allocated Land in the year under review in the sum of RMB11,537,708,000 (equivalent to HK$12,629,669,000) as valued by an independent valuer. Thereby, the Group recognised a profit of Zhen Wah in the amount of RMB11,543,284,000 (equivalent to HK$12,635,773,000) in the year, which is non-cash items. As such, the Group provided deferred tax in the sum of RMB6,617,292,000 (equivalent to HK$7,262,412,000) to be payable upon future disposal of completed properties of the Group Allocated Land.

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

As further announced on 22 December 2023, there was historical disputes over Zhen Wah between the Group and the JV Partner, including the change of equity interests from 80% to 49% in Zhen Wah in previous years (the "**Historical Disputes**"). Based on the PRC legal advice received by the Group, the Group was entitled to the distribution of profit arising from the relevant income generated from the Previous Land held by Zhen Wah before re-development, as supported in the arbitral award made in 2010 after arbitration between the Group and the JV Partner in respect of the Historical Disputes. As such, the Group continued to act proactively and to seek PRC legal advice and to take expedient actions (including but not limited to litigation and/or arbitration) to further strive for the best interest of the Group in Zhen Wah and its assets in respect of the Historical Disputes.

Meanwhile, as previously disclosed, an ex-tenant lodged several administrative proceedings with the PRC Court against the relevant official authorities concerning the Previous Land as defendants and joining Zhen Wah as a third party, opposing the relocation compensation agreement made between the Bureau and Zhen Wah in 2021 for demolition, relocation and compensation of those buildings, erections and equipment on the Previous Land and claiming for compensation. In the year, the PRC 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 2024, the equity attributable to its owners amounted to RMB6,712,492,000 (30 June 2023: RMB1,830,193,000) after taken account of the share of profit from a joint venture, translating to HK$7,354,705,000 (30 June 2023: HK$1,985,068,000) with net asset value per share of HK$30.94 (30 June 2023: HK$8.35). As at 30 June 2024, total bank borrowing of the Group remained nil (30 June 2023: nil) with nil (30 June 2023: nil) gearing ratio of the Group. The exposure to foreign currency fluctuations that affected the Group in the year under review was mainly the fluctuation of RMB against HKD, resulting in the net exchange gain of HK$4,297,000 (2023: net exchange loss of HK$10,408,000) and exchange difference on translation functional currency of RMB to presentation currency of HKD, amounting to other comprehensive income of HK$18,460,000 (2023: other comprehensive expense of HK$156,787,000). 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 well as the repayment of advances and interest income received from a joint venture of the Group. As at 30 June 2024, the bank balance and deposits and cash of the Group stood at HK$422,338,000 (30 June 2023: HK$212,955,000), in aggregate and denominated primarily in RMB. With sufficient cashflow, the Group maintained unutilised credit facilities of HK$1,000,000 (30 June 2023: HK$1,000,000) as working capital at a floating interest rate as at 30 June 2024. The Group's net current assets amounted to HK$13,057,439,000 (30 June 2023: HK$346,741,000) with a current ratio of 74.17 (30 June 2023: 3.82) as at 30 June 2024. No significant capital expenditure commitments and authorisations were made in the year.

Pledge of Assets and Contingent Liabilities

As at 30 June 2024, the borrowing of the Group was nil (30 June 2023: nil) as it fully repaid all banking facilities previously granted by a financial institution. As a result of such full repayment, the Group had fully discharged and released the pledged properties provided for the purpose of and as security for such banking facilities comprising an assignment of rental and sale proceeds from such properties and a charge over shares in respect of a wholly-owned subsidiary of the Group, with pledge of bank deposits in nil (30 June 2023: HK$9,324,000) amount. As at the end of the reporting period, the Group had not given any guarantees (30 June 2023: nil) in respect of settlement of home loans provided by banks to the home buyers of a property project in Beijing.

PROSPECTS

Although China economy is still exposing to headwinds resultant from prolonged downturn in the property sector, slump of domestic consumption and geopolitics, slowing down economic recovery and growth, it is anticipated that PRC government will step up imperative policies as well as supportive monetary and fiscal measures to stabilise the property sector and sustain the economic growth in China to high-quality development through capital spending in infrastructure and manufacturing with digital economy. It is believed that these will bolster market momentum for domestic demand and consumption that will underpin leasing activities of office and retail sectors.

In Beijing, it is expected that retail market will maintain steady performance and the launch of official supportive policies will further stimulate consumption and enhance market vitality, enriching consumption atmosphere and promoting steady growth in Beijing's retail market. To maintain occupancy rate and recurring revenue, the Group will endeavor to actively adjust leasing and marketing strategies to induce diversified retailers, to upgrade refurbishment, brand portfolios and leasing services to meet increasingly diverse needs of consumers, alongside competitive and effective rental strategies to attract new retailers/tenants and retain existing retailers/tenants.

In Shanghai, a challenging environment for office market persists in the face of the continuing ample supply of office spaces and keen competition, combined with weak demand for office under subdued market sentiment and sluggish economy, it is anticipated that rental declines and vacancy levels may accelerate. The Group will continue to deploy its competitive and effective rental strategies from time to time with fitting-out subsidies, value-added services, lower tenant thresholds, co-working and flexible office spaces and increase more flexible leasing terms, to attract new tenants and retain existing tenants so as to maintain occupancy rate and recurring revenues.

In Shenzhen, being the official Shenzhen Demonstration Pilot Zone and high-tech hub, it is expected to continue to be pioneer front-runner for overall economic and digital competitiveness as premier special economic zone and worldwide center of cutting-edge innovation, entrepreneurship and advanced technology with high-quality development under official support. In addition, the development of transportation network in Shenzhen stimulates intra-city and intercity connections, enhancing the cross-boundary flows of people, logistics, information, and capital, and acting as the vital and driving impetus for the sustainable growth and development of Guangdong-Hong Kong-Macao Greater Bay Area.

Meanwhile, multiple headwinds, including the economic slowdown, liquidity pressure by most developers and persistent subdued demand dampened the property market. Yet it is believed a promising outlook of Shenzhen's property market as signaled by recent swift sales of new premium-quality residential project and supported by highly livable city and official stimulus policies for property industry. Together with the recent optimised city planning as quality cultural and leisure area in addition to metro line and station near opera house in Tung Kok Tau, Nanshan District, Shenzhen, this will further enhance the future development value of the Group Allocated Land.

The Group will continue to act proactively for safeguarding the best interests of the Company in relation to Zhen Wah and its assets in respect of Historical Disputes. It will keep on adopting the best available measures and take expedient action with a view to protecting the Company's best interests Zhen Wah. The Group will continue to seek PRC legal advice and to further strive for the best interest of the Group in relation to Zhen Wah and its assets. Meanwhile, the Group will continue to work with the relevant parties for various development options to optimise the future development value of the Group Allocated Land in line with city planning and the projects of adjacent opera house and infrastructure for the best interests of the Company.

DIVIDENDS

The Board has resolved to recommend the payment of a final dividend of 0.5 Hong Kong cents (2023: 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, 20 December 2024. 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, 13 December 2024 ("**2024 AGM**"), the warrants for the final dividend are expected to be despatched to those entitled on or about Tuesday, 7 January 2025.

CLOSURE OF REGISTER OF MEMBERS FOR THE 2024 AGM AND FINAL DIVIDEND

For the purpose of ascertaining the rights of shareholders to attend and vote at the 2024 AGM, the register of members of the Company will be closed from Tuesday, 10 December 2024 to Friday, 13 December 2024 (both days inclusive). In order to be eligible to attend and vote at the 2024 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, 9 December 2024.

For the purpose of determining the entitlement of shareholders to the proposed final dividend of the Company for the year ended 30 June 2024, the register of members of the Company will be closed from Tuesday, 17 December 2024 to Friday, 20 December 2024 (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, 16 December 2024.

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 2024, the Company has applied the principles and has complied with the code provisions as set out in the Corporate Governance Code stipulated in Appendix C1 to the Listing Rules, save and except deviation from code provision F.2.2. At the annual general meeting of the Company held on 8 December 2023 ("**2023 AGM**"), the chairman of the Board was unable to attend the 2023 AGM due to other business engagements. Meanwhile, management and external auditor of the Company together with the chairmen and/ or members of the Board's committees attended the 2023 AGM to answer relevant questions raised by and understand the views of the shareholders of the Company thereat.

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 2024 with the auditor and management of the Company. 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 unmodified 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 2024 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 2024

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.