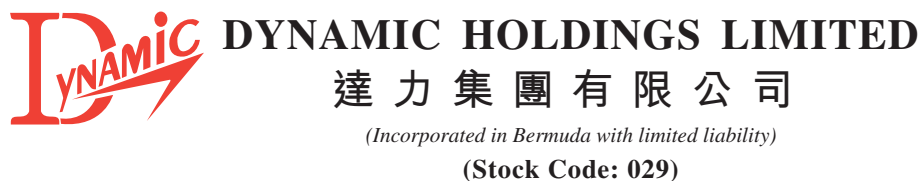


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**ANNOUNCEMENT OF RESULTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**RESULTS**

The board of directors (the “**Directors**”) of Dynamic Holdings Limited (the “**Company**”) is pleased to announce that the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 30 June 2014 together with comparative figures for the previous year are as follows:

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

		<b>Year ended 30 June</b>	
		<b>2014</b>	<b>2013</b>
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	3	<b>106,215</b>	124,504
Direct costs		<b>(24,327)</b>	(30,174)
Gross profit		<b>81,888</b>	94,330
Other income	4	<b>23,333</b>	26,065
Increase in fair value of investment properties		<b>56,171</b>	87,395
Administrative expenses		<b>(26,514)</b>	(23,456)
Selling expenses		<b>(1,227)</b>	(1,211)
Finance costs	6	<b>(4,525)</b>	(5,088)
Share of loss of a joint venture		<b>(9,814)</b>	(7,280)
Profit before taxation		<b>119,312</b>	170,755
Taxation	7	<b>(22,811)</b>	(45,143)
Profit for the year		<b>96,501</b>	125,612
Other comprehensive income for the year			
<i>Item that will not be reclassified to profit or loss:</i>			
Exchange differences on translation to presentation currency		<b>6,383</b>	41,295
Total comprehensive income for the year		<b>102,884</b>	166,907

		<b>Year ended 30 June</b>	
		<b>2014</b>	2013
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
Profit for the year attributable to:			
Owners of the Company		<b>94,972</b>	123,166
Non-controlling interest		<b>1,529</b>	2,446
		<u><b>96,501</b></u>	<u>125,612</u>
Total comprehensive income attributable to:			
Owners of the Company		<b>101,269</b>	163,682
Non-controlling interest		<b>1,615</b>	3,225
		<u><b>102,884</b></u>	<u>166,907</u>
Earnings per share ( <i>Hong Kong cents</i> )	9		
Basic		<u><b>43.3</b></u>	<u>56.2</u>
Diluted		<u><b>40.9</b></u>	<u>54.1</u>

## Consolidated Statement of Financial Position

		<b>At 30 June</b>	
	<i>Notes</i>	<b>2014</b>	2013
		<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Non-current Assets</b>			
Property, plant and equipment		<b>1,979</b>	2,049
Investment properties	<i>10</i>	<b>1,930,079</b>	1,867,428
Interest in a joint venture		<b>76,235</b>	85,614
Amount due from a joint venture		<b>252,355</b>	236,927
		<hr/> <b>2,260,648</b>	<hr/> 2,192,018
<b>Current Assets</b>			
Properties held for sale		<b>17,315</b>	19,503
Loan receivables		–	–
Trade and other receivables	<i>11</i>	<b>12,349</b>	12,354
Amount due from a non-controlling shareholder		<b>964</b>	960
Pledged bank balances and deposits		<b>25,581</b>	24,004
Bank balances and cash		<b>223,761</b>	203,097
		<hr/> <b>279,970</b>	<hr/> 259,918
<b>Current Liabilities</b>			
Trade and other payables	<i>12</i>	<b>62,723</b>	62,201
Pre-sale deposits received		–	3,990
Tax payable		<b>100,994</b>	105,121
Bank loans – due within one year		<b>7,618</b>	205,718
		<hr/> <b>171,335</b>	<hr/> 377,030
<b>Net Current Assets (Liabilities)</b>		<hr/> <b>108,635</b>	<hr/> (117,112)
<b>Total Assets less Current Liabilities</b>		<hr/> <b>2,369,283</b>	<hr/> 2,074,906

	<b>At 30 June</b>	
	<b>2014</b>	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Capital and Reserves</b>		
Share capital	<b>219,404</b>	219,404
Reserves	<b>1,651,909</b>	1,561,610
	<hr/>	<hr/>
<b>Equity attributable to owners of the Company</b>	<b>1,871,313</b>	1,781,014
<b>Non-controlling interest</b>	<b>34,466</b>	32,851
	<hr/>	<hr/>
<b>Total Equity</b>	<b>1,905,779</b>	1,813,865
	<hr/>	<hr/>
<b>Non-current Liabilities</b>		
Bank loans – due after one year	<b>191,192</b>	–
Deferred tax liabilities	<b>272,312</b>	261,041
	<hr/>	<hr/>
	<b>463,504</b>	261,041
	<hr/>	<hr/>
	<b>2,369,283</b>	2,074,906
	<hr/>	<hr/>

Notes:

## 1. BASIS OF PREPARATION

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

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

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 2014 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.

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

The Group has applied the following new and revised HKFRSs issued by the HKICPA.

Amendments to HKFRSs Amendments to HKFRS 7	Annual Improvements to HKFRSs 2009-2011 Cycle Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### HKFRS 10 “Consolidated Financial Statements”

HKFRS 10 replaces parts of HKAS 27 “Consolidated and Separate Financial Statements” that deal with consolidated financial statements and HK(SIC) – Int 12 “Consolidation – Special Purpose Entities”. HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria

must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its investment with other entities as at 1 July 2013.

### **HKFRS 11 “Joint Arrangements”**

HKFRS 11 replaces HKAS 31 “*Interests in Joint Ventures*”, and the guidance contained in a related interpretation, HK(SIC) – Int 13 “*Jointly Controlled Entities – Non-Monetary Contributions by Venturers*”, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 had three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was classified as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations are different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

As a result of the adoption of HKFRS 11, the Directors of the Company reviewed and assessed the classification of the Group’s investment in a joint arrangement in accordance with the requirements of HKFRS 11. The Directors concluded that the Group’s investment in the joint arrangement should be classified as joint venture under HKFRS 11 and continue to be accounted for using the equity method and therefore the adoption of HKFRS 11 does not have any material impact on the financial position and the financial results of the Group.

### **HKFRS 12 “Disclosure of Interests in Other Entities”**

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements. The Directors consider that the Group’s non-wholly owned subsidiary has insignificant non-controlling interest to the Group.

## HKFRS 13 “Fair Value Measurement”

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 “*Share-based Payment*”, leasing transactions that are within the scope of HKAS 17 “*Leases*”, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2013 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

### New and Revised HKFRS in issue but not yet effective

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle <sup>3</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle <sup>2</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities <sup>1</sup>
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operation <sup>5</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>5</sup>
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants <sup>5</sup>
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions <sup>2</sup>
Amendments to HKAS 27	Equity Method in Separate Financial Statements <sup>5</sup>
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities <sup>1</sup>
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets <sup>1</sup>
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting <sup>1</sup>
HKFRS 9	Financial Instruments <sup>7</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>4</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>6</sup>
HK(IFRIC) – Int 21	Levies <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2014.

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2014.

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2014, with limited exception.

<sup>4</sup> Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2016.

<sup>6</sup> Effective for annual periods beginning on or after 1 January 2017.

<sup>7</sup> Effective for annual periods beginning on or after 1 January 2018.

The Directors of the Company anticipate that the application of the new and revised standards, amendments and interpretations will have no material impact on the results and financial position of the Group.

### 3. TURNOVER AND SEGMENT INFORMATION

Information reported to the board of Directors (the “**Board**”) of the Company, being the chief operating decision maker, for the purpose of resource allocation and assessment of performance focused on the location of the properties for property rental and property sales.

The property rental segment includes property leasing operation in the People’s Republic of China (the “**PRC**”). The Group’s investment properties portfolio, which mainly consists of offices, shopping mall and carparks, are located in Shanghai and Beijing. The property sales segment includes sales of the Group’s trading properties in Beijing.

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

#### (a) Segment revenues and results

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

	Property rental				Property sales		Consolidated	
	Beijing		Shanghai		Beijing		2014	2013
	2014	2013	2014	2013	2014	2013		
HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	
<b>SEGMENT REVENUE</b>								
<b>TURNOVER</b>								
External sales	<u>35,216</u>	<u>33,609</u>	<u>61,646</u>	<u>56,927</u>	<u>9,353</u>	<u>33,968</u>	<u>106,215</u>	<u>124,504</u>
<b>SEGMENT RESULT</b>	<u>36,618</u>	<u>57,846</u>	<u>92,920</u>	<u>100,238</u>	<u>7,103</u>	<u>22,539</u>	<u>136,641</u>	<u>180,623</u>
Unallocated other income							<u>21,614</u>	<u>23,848</u>
Unallocated corporate expenses							<u>(24,604)</u>	<u>(21,348)</u>
Finance costs							<u>(4,525)</u>	<u>(5,088)</u>
Share of loss of a joint venture							<u>(9,814)</u>	<u>(7,280)</u>
Profit before taxation							<u>119,312</u>	<u>170,755</u>

The accounting policies of the operating segments are the same as the Group’s accounting policies. Segment result represents the profit earned from each segment without the allocation of central administration costs, bank interest income, imputed interest income on amount due from a joint venture, finance costs and share of result of a joint venture. This is the measure reported to the Board of Directors for the purposes of resources allocation and performance assessment.



**(b) Segment assets and liabilities**

	Property rental				Property sales		Consolidated	
	Beijing		Shanghai		Beijing		2014	2013
	2014	2013	2014	2013	2014	2013		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
<b>ASSETS</b>								
Segment assets	<b>685,213</b>	669,157	<b>1,252,398</b>	1,205,542	<b>21,981</b>	25,139	<b>1,959,592</b>	1,899,838
Interest in a joint venture							<b>76,235</b>	85,614
Amount due from a joint venture							<b>252,355</b>	236,927
Unallocated corporate assets							<b>252,436</b>	229,557
Consolidated total assets							<b>2,540,618</b>	2,451,936
<b>LIABILITIES</b>								
Segment liabilities	<b>6,244</b>	5,195	<b>30,614</b>	29,315	<b>15,873</b>	20,534	<b>52,731</b>	55,044
Unallocated corporate liabilities							<b>582,108</b>	583,027
Consolidated total liabilities							<b>634,839</b>	638,071

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

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

**(c) Other segment information**

	Property rental				Property sales		Segment total		Unallocated		Consolidated	
	Beijing		Shanghai		Beijing		2014	2013	2014	2013	2014	2013
	2014	2013	2014	2013	2014	2013						
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	

Amounts included in the measure of segment result or segment assets and liabilities

Capital expenditures	-	-	-	-	27	77	27	77	61	40	88	117
Depreciation	-	-	-	-	134	146	134	146	16	47	150	193
Impairment loss recognised (reversed) in respect of receivables, net	-	-	96	-	(75)	(633)	21	(633)	-	-	21	(633)
Increase in fair value of investment properties	<b>13,254</b>	34,612	<b>42,917</b>	52,783	-	-	<b>56,171</b>	87,395	-	-	<b>56,171</b>	87,395

**(d) Geographical information**

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

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

	Carrying amount of non-current assets	
	2014 HK\$'000	2013 HK\$'000
PRC (other than Hong Kong)	<u>1,931,931</u>	<u>1,869,380</u>

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

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

**4. OTHER INCOME**

	2014 HK\$'000	2013 HK\$'000
Included in other income are:		
Bank interest income	4,107	3,910
Exchange gain, net	646	5,206
Imputed interest income on other receivables	7	82
Imputed interest income on amount due from a joint venture	<u>14,651</u>	<u>14,740</u>

**5. DEPRECIATION AND AMORTISATION**

	2014 HK\$'000	2013 HK\$'000
Profit before taxation has been arrived at after charging:		
Depreciation	<u>150</u>	<u>193</u>
Amortisation	<u>-</u>	<u>-</u>

## 6. FINANCE COSTS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interest on bank borrowings wholly repayable within five years	<u>4,525</u>	<u>5,088</u>

## 7. TAXATION

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
The tax charge comprises:		
Current tax in the PRC (other than Hong Kong)		
Current year	9,846	11,876
Overprovision in prior years	<u>(421)</u>	<u>(238)</u>
	9,425	11,638
PRC land appreciation tax (“LAT”)	3,017	9,614
Deferred taxation	<u>10,369</u>	<u>23,891</u>
	<u>22,811</u>	<u>45,143</u>

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

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the Group’s PRC subsidiary is 25% from 1 January 2008 onwards.

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

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

The EIT Law also requires withholding tax upon distribution of profits earned by the PRC entities since 1 January 2008 at 5%. At the end of the reporting period, deferred taxation of HK\$2,280,000 (2013: HK\$1,790,000) has been provided for in the consolidated financial statements in respect of the temporary differences attributable to such profits.

## 8. DIVIDENDS

	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Final dividend paid in respect of year ended 30 June 2013 of 2.5 Hong Kong cents (2012: 2 Hong Kong cents) per share	<b>5,485</b>	4,382
Interim dividend paid in respect of year ended 30 June 2014 of 2.5 Hong Kong cents (2013: 2.5 Hong Kong cents) per share	<b>5,485</b>	5,485
	<b><u>10,970</u></b>	<b><u>9,867</u></b>

The final dividend in respect of 2.5 Hong Kong cents per share totalling HK\$5,485,000 for the year ended 30 June 2014 has been proposed by the Directors of the Company and is subject to approval by the shareholders in the annual general meeting.

## 9. EARNINGS PER SHARE

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

	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
<b>Earnings</b>		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	<b><u>94,972</u></b>	<u>123,166</u>
	<b>2014</b>	2013
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>219,403,681</b>	219,194,914
Effect of dilutive potential ordinary shares on share options	<b><u>13,065,734</u></b>	<u>8,356,075</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b><u>232,469,415</u></b>	<u>227,550,989</u>

## 10. INVESTMENT PROPERTIES

	<i>HK\$'000</i>
<b>FAIR VALUE</b>	
At 1 July 2012	1,737,936
Exchange realignment	42,097
Increase in fair value recognised in profit or loss	<u>87,395</u>
At 30 June 2013	1,867,428
Exchange realignment	6,480
Increase in fair value recognised in profit or loss	<u>56,171</u>
<b>At 30 June 2014</b>	<b><u>1,930,079</u></b>

The fair value of the Group's investment properties as at 30 June 2014 and 2013 has been arrived at on the basis of valuations carried out on that date by Savills Valuation and Professional Services Limited, an independent firm of qualified professional valuers not connected with the Group with appropriate qualification and recent experience in the valuation of similar properties in the relevant locations. The valuation was arrived at by reference to property listings for similar properties in the same location and conditions or where appropriate by considering the capitalised income to be derived from the existing tenancies and the reversionary income potential of the properties. The revaluation gave rise to a net gain arising from increase in fair value of HK\$56,171,000 (2013: HK\$87,395,000) which has been credited to profit or loss. All the investment properties are situated in the PRC under medium-term lease.

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

## 11. TRADE AND OTHER RECEIVABLES

At 30 June 2014, the balance of other receivables include receivables from home buyers who defaulted on repayment to banks, representing the loans taken over by the Group, of HK\$136,000 (2013: HK\$230,000) are measured at amortised cost at an effective interest rate of 6.15% (2013: 6.15%) per annum. For property sales, other than home loans, the Group allows an average credit period of 30 days (2013: 30 days) to the buyers. Rentals receivable from tenants and service income receivables from customers are payable on presentation of invoices.

The following is an aged analysis of trade receivables net of allowance for doubtful debt presented based on invoice date at the end of the reporting period:

	<b>2014</b>	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
0–60 days	<b>6,576</b>	6,813
61–90 days	<b>100</b>	–
More than 90 days	<b>149</b>	–
	<u><b>6,825</b></u>	<u>6,813</u>

Before accepting any new customer, the Group carries out assessment on the creditability of the new customer and assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed regularly. 93% (2013: 95%) of the trade receivables are neither past due nor impaired and have good settlement repayment history.

Included in the Group's trade receivable balances are debtors with a carrying amount of HK\$467,000 (2013: HK\$366,000) which are past due at the reporting date for which the Group has not provided for impairment loss. There has not been a significant change in credit quality and the management considers that the amounts are still recoverable. The Group does not hold any collateral over these balances. The average overdue age of these receivables is 74 days (2013: 32 days) overdue.

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

	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Overdue:		
0–30 days	<b>184</b>	340
31–60 days	<b>34</b>	26
61–90 days	<b>100</b>	–
More than 90 days	<b>149</b>	–
	<hr/>	<hr/>
Total	<b>467</b>	366
	<hr/>	<hr/>

**12. TRADE AND OTHER PAYABLES**

At 30 June 2014, the balance of trade and other payables included trade payables of HK\$1,845,000 (2013: HK\$1,217,000). The following is an aged analysis of trade payables based on the invoice date at the end of the reporting period:

	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
0–60 days	<b>1,268</b>	650
Over 60 days	<b>577</b>	567
	<hr/>	<hr/>
	<b>1,845</b>	1,217
	<hr/>	<hr/>

The other payables mainly include rental deposits of HK\$27,934,000 (2013: HK\$26,549,000) and receipt in advance of HK\$5,044,000 (2013: HK\$5,632,000).

## RESULTS REVIEW

For the financial year ended 30 June 2014, the Group recorded a turnover of HK\$106,215,000 (2013: HK\$124,504,000) and a gross profit of HK\$81,888,000 (2013: HK\$94,330,000). These results were principally attributable to the improved rental income of investment properties of the Group, which increased by 7% from last year as explained below. The turnover and gross profit dropped by 15% and 13% respectively from last year, owing to reduced sale of properties of the Group.

In addition, the Group accounted for other income of HK\$23,333,000 (2013: HK\$26,065,000) that arose mainly from the imputed and bank interest income; and an increase in fair value of its investment properties in the sum of HK\$56,171,000 (2013: HK\$87,395,000).

Profit for the year attributable to owners of the Company amounted to HK\$94,972,000 (2013: HK\$123,166,000), which reduced by 23% compared to last year due to decline in proceeds from sale of properties and appreciation of investment properties, with basic earnings per share of HK\$0.433 (2013: HK\$0.562).

Taking into account other comprehensive income of exchange difference on translation to presentation currency, the total comprehensive income attributable to owners of the Company amounted to HK\$101,269,000 (2013: HK\$163,682,000) for the year.

## BUSINESS REVIEW

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

The core business of investment properties of the Group, which were quality offices in Pudong, Shanghai and a well-established mall in Chaoyang District, Beijing with a total asset value of HK\$1,930,079,000 (2013: HK\$1,867,428,000), experienced steady growth in rental income during the year. The total rental revenue was HK\$96,862,000 (2013: HK\$90,536,000), which contributed to 91% (2013: 73%) of the total turnover of the Group and rose by 7% as compared with that of the last year. Meanwhile, the fair value of these investment properties increased to HK\$56,171,000 (2013: HK\$87,395,000), with reduced appreciation as a result of softening market sentiments. As such, the segment results of property rental reported a profit of HK\$129,538,000 (2013: HK\$158,084,000).

In Beijing, the mid-end and mass-market retail business remained generally stable in the well-established community mall of the Group known as “Uptown Mall” that witnessed high occupancy rates and steady growth in rental, after the Group optimised the use of its basement floor as food court in the year. The mall rental was in the sum of HK\$35,216,000 (2013: HK\$33,609,000), representing an increase of 5% as compared with that of the last year and 33% of the total revenue of the Group. In terms of fair value of these investment properties, the Group recognised appreciation in the sum of HK\$13,254,000 (2013: HK\$34,612,000). Consequently, the segment results (including the reduced appreciation of properties) reported a profit of HK\$36,618,000 (2013: HK\$57,846,000).

With limited residential units available for sale by the Group and cooling sentiment of residential market in Beijing, sale proceeds of residential units of “Chaoyang Garden” amounted to HK\$9,353,000 (2013: HK\$33,968,000), which contributed to 9% (2013: 27%) of the total turnover of the Group. The segment results of property sales recorded a profit of HK\$7,103,000 (2013: HK\$22,539,000).

In Shanghai, much of the growth in leasing demand and net take-up occurred in the office market in Pudong, a government-designated zone for the financial industry. During the year, the quality offices of the Group known as “Eton Place” which was located at prominent financial area of Little Lujiazui in Pudong continued to be fully occupied. Rental revenue amounted to HK\$61,646,000 (2013: HK\$56,927,000), showing a rise of 8% as compared to last year and making up 58% of the total turnover of the Group. As for the fair value of these office properties, the Group recognised appreciation in the sum of HK\$42,917,000 (2013: HK\$52,783,000). The segment results (including the reduced appreciation of properties) recognised a profit of HK\$92,920,000 (2013: HK\$100,238,000).

As a result of the expiry of the operation period of Shenzhen Zhen Wah Harbour Enterprises Ltd. (“**Zhen Wah**”) in January 2014, a joint venture in which the Company holds 49%, Zhen Wah has begun to liquidate its business operations.

According to the PRC legal advice received by the Group, Zhen Wah is and continues to be entitled to the land use rights of a piece of land located in Tung Kok Tau, Nanshan District, Shenzhen (“**Land**”). The joint venture parties of Zhen Wah have agreed to make an effort to reach a compromise on relevant matters affecting their respective rights and interests, including dividing the Land equitably and appropriately between them. In this connection, the joint venture parties have procured Zhen Wah to engage relevant professionals to formulate a proposal to the relevant land bureau and governmental authorities in relation to the feasibility and comprehensive planning and design of the Land (“**Proposal**”). The Proposal will be aimed at enhancing the value of the Land by maximising its re-development value. This will include exploring possible official land rezoning and ancillary facilities in order to increase the plot-ratio, gross developable area and saleable floor area. Once the Proposal has been formulated, the Group expects further negotiations with the relevant land bureau and governmental authorities together with the PRC joint venture party in good faith with a view to agreeing upon viable arrangements for implementing the winding up of Zhen Wah. It should be noted that any arrangements reached will be subject to obtaining various relevant PRC governmental approvals (“**Approvals**”).

Due to the complexities and uncertainties involved, including reaching agreement on appropriate terms with the PRC joint venture party and obtaining various Approvals, it is anticipated that resolution of the matters referred to above will inevitably take up considerable time and efforts, and there is no certainty that any agreement can be reached or that any such agreement reached will receive the required Approvals.



If the parties are unable to reach agreement and/or obtain the necessary Approvals for relevant arrangements, based on PRC legal advice received by the Group, the Land will eventually be sold by way of public auction or other applicable means in accordance with PRC laws, and the surplus arising therefrom (after settlement of all relevant liabilities) will then be distributed to the joint venture parties in accordance with their equity contributions in accordance with PRC laws. In this connection, it is also possible that further disputes and/or litigations may arise between the joint venture parties in the course of such winding up.

## **PROSPECTS**

Looking ahead, although slower overall economic growth is likely to continue in China, there is sign of progressive recovery as underpinned by continued official and financial economic reform and city development to revitalise the economy, that bolster leasing demand and rental of office and retail sectors.

In Beijing, the growing popularity of online retail and official efforts to retrench high-end consumption will continue to adversely impact upon growth of retail sales. Yet, leasing activities of mid-end and mass-market retailers are forecasted to be stable resulting from increasing consumers' confidence and demand for quality shopping. And the Group will continue to strategically optimise tenant mix and brand portfolio in line with shoppers' need and lifestyle, and to enhance shopping experience and services at "Uptown Mall" so as to evolve and reinforce its niche and position for sustaining high occupancy rate and constant revenue to the Group.

In Shanghai, the establishment of China (Shanghai) Pilot Free Trade Zone in Pudong strengthens its role as China's financial hub and foster office demand in the long term, despite pressure on rental in the face of impending glut of premier office supply. It is anticipated that the solid vitality of small to medium-sized domestic enterprises will continue to drive office demand. To maintain high occupancy rate and steady recurring revenue, the Group will strive for retention of existing tenants upon lease renewals and target small to medium-sized tenants for new leases at competitive rental.

In Shenzhen, the Group will closely monitor and foster developments in the winding up of Zhen Wah and it will continue to negotiate with the relevant land bureau and governmental authorities as well as the PRC joint venture partner with an aim to agree upon an optimal arrangement in the best interests of the Company and its shareholders.

## **DIVIDENDS**

The Directors recommend the payment of a final dividend of 2.5 Hong Kong cents (2013: 2.5 Hong Kong cents) per share to the shareholders of the Company whose names appear on the register of members on 24 December 2014. An interim dividend of 2.5 Hong Kong cents per share were paid to the shareholders of the Company during the year which, in aggregate, gives total dividends for the year of 5 Hong Kong cents per share. Subject to approval of shareholders at the forthcoming annual general meeting of the Company, the warrants for the final dividend are expected to be despatched to those entitled on or about 8 January 2015.

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

For the purpose of ascertaining the rights of members to attend and vote at the forthcoming annual general meeting of the Company to be held on Friday, 12 December 2014, the register of members of the Company will be closed from Monday, 8 December 2014 to Friday, 12 December 2014 (both days inclusive). In order to be eligible to attend and vote at the meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 5 December 2014.

For the purpose of determining the entitlement of members to the proposed final dividend of the Company for the year ended 30 June 2014, the register of members of the Company will be closed from Thursday, 18 December 2014 to Wednesday, 24 December 2014 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday 17 December 2014.

## **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 2014, the Company has applied the principles and has complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

## **AUDIT COMMITTEE**

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

## APPRECIATION

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

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

Hong Kong, 19 September 2014

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