DYNAMIC HOLDINGS LIMITED
達力集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 029)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 30 JUNE 2016

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 2016 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	
		2016	2015
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*	**103,870**	103,437
Direct costs		**(19,899)**	(20,981)
Gross profit		**83,971**	82,456
Other gains or losses	*4*	**6,266**	23,648
Increase in fair value of investment properties		**83,076**	57,224
Administrative expenses		**(25,698)**	(23,682)
Selling expenses		**(792)**	(479)
Finance costs	*5*	**(4,243)**	(4,791)
Share of loss of a joint venture		**(9,812)**	(12,020)
Profit before taxation		**132,768**	122,356
Taxation	*6*	**(36,652)**	(18,891)
Profit for the year		**96,116**	103,465
Other comprehensive (expense) income for the year			
Item that will not be reclassified subsequently to profit or loss:			
Exchange differences on translation to presentation currency		**(164,681)**	13,092
Total comprehensive (expense) income for the year		**(68,565)**	116,557

	Note	Year ended 30 June **2016** HK$'000	2015 HK$'000
Profit for the year attributable to:			
Owners of the Company		**95,085**	101,586
Non-controlling interests		**1,031**	1,879
		96,116	103,465
Total comprehensive (expense) income attributable to:			
Owners of the Company		**(66,749)**	114,451
Non-controlling interests		**(1,816)**	2,106
		(68,565)	116,557
Earnings per share *(Hong Kong cents)*	*8*		
Basic		**42.7**	46.3
Diluted		**40.7**	43.5

Consolidated Statement of Financial Position

		At 30 June	
		2016	2015
	Notes	***HK$'000***	*HK$'000*
Non-current Assets			
Property, plant and equipment		**1,743**	2,012
Investment properties	*9*	**1,926,240**	2,000,101
Interest in a joint venture	*10*	**71,570**	94,467
Amount due from a joint venture	*10*	**235,184**	239,924
Pledged bank deposits		**–**	2,278
		2,234,737	2,338,782
Current Assets			
Properties held for sale		**15,947**	17,440
Loan receivables		**–**	–
Trade and other receivables	*11*	**17,589**	14,815
Amount due from a non-controlling shareholder		**895**	970
Pledged bank deposits		**14,249**	5,210
Fixed bank deposits		**161,121**	167,844
Bank balances and cash		**83,598**	84,985
		293,399	291,264
Current Liabilities			
Trade and other payables	*12*	**61,670**	62,206
Tax payable		**96,800**	102,231
Bank loans – due within one year		**149,593**	7,600
		308,063	172,037
Net Current (Liabilities) Assets		**(14,664)**	119,227
Total Assets less Current Liabilities		**2,220,073**	2,458,009

	At 30 June	
	2016	2015
	HK$'000	*HK$'000*
Capital and Reserves		
Share capital	**224,419**	219,404
Reserves	**1,677,927**	1,755,390
Equity attributable to owners of the Company	**1,902,346**	1,974,794
Non-controlling interests	**34,154**	36,572
Total Equity	**1,936,500**	2,011,366
Non-current Liabilities		
Bank loans – due after one year	**–**	164,592
Deferred tax liabilities	**283,573**	282,051
	283,573	446,643
	2,220,073	2,458,009

Notes:

1. BASIS OF PREPARATION

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

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

In preparing the consolidated financial statements, the Directors have given careful consideration to the future liquidity of the Group. While recognising that the Group had net current liabilities of approximately HK$14,664,000 at 30 June 2016, the Directors are of the opinion that the Group will be able to meet its financial obligations as they fall due for the foreseeable future as the Group has sufficient and steady projected future cash inflow and available unutilised bank borrowing facilities and the Directors expect to renew the existing banking facilities on similar terms and conditions when the existing banking facilities of the Group mature (if necessary). Accordingly, the consolidated financial statements have been prepared on a going concern basis.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[5]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[3]
Amendment to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers[1]
Amendments to HKAS 1	Disclosure Initiative[3]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle[3]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[3]
Amendments to HKAS 7	Disclosure Initiative[6]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[6]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.
3 Effective for annual periods beginning on or after 1 January 2016.
4 Effective for annual periods beginning on or after a date to be determined.
5 Effective for annual periods beginning on or after 1 January 2019.
6 Effective for annual periods beginning on or after 1 January 2017.

HKFRS 15 "*Revenue from Contracts with Customers*"

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

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

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

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

HKFRS 16 "*Leases*"

HKFRS 16, which upon the effective date will supersede HKAS 17 "*Leases*", introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under HKAS 17. In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

Other than the recognition of right-of-use asset, its related depreciation and lease liabilities under revised HKFRS 16 for future lease payments under operating leases, the Directors anticipate that the application of these new and revised HKFRSs will have no material impact on the Group's financial performance and positions.

3. REVENUE AND SEGMENT INFORMATION

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

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

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**			
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
SEGMENT REVENUE								
REVENUE								
External sales	**36,269**	36,386	**67,601**	67,051	**–**	–	**103,870**	103,437
SEGMENT RESULT	**31,255**	44,119	**135,647**	95,572	**(140)**	(158)	**166,762**	139,533
Unallocated other income							**4,865**	22,216
Unallocated corporate expenses							**(24,804)**	(22,582)
Finance costs							**(4,243)**	(4,791)
Share of loss of a joint venture							**(9,812)**	(12,020)
Profit before taxation							**132,768**	122,356

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

(b) Segment assets and liabilities

	Property rental				Property sales		Consolidated	
	Beijing		Shanghai		Beijing			
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
ASSETS								
Segment assets	**656,350**	705,822	**1,278,401**	1,302,217	**22,100**	23,948	**1,956,851**	2,031,987
Interest in a joint venture							**71,570**	94,467
Amount due from a joint venture							**235,184**	239,924
Unallocated corporate assets							**264,531**	263,668
Consolidated total assets							**2,528,136**	2,630,046
LIABILITIES								
Segment liabilities	**6,945**	5,950	**30,758**	31,279	**12,536**	14,581	**50,239**	51,810
Unallocated corporate liabilities							**541,397**	566,870
Consolidated total liabilities							**591,636**	618,680

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							
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	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	**–**	–	**–**	–	**15**	21	**15**	21	**69**	165	**84**	186
Depreciation	**–**	–	**–**	–	**119**	121	**119**	121	**65**	40	**184**	161
Impairment loss (reversed) recognised in respect of receivables, net	**(110)**	–	**–**	153	**–**	–	**(110)**	153	**–**	–	**(110)**	153
Increase in fair value of investment properties	**4,816**	16,801	**78,260**	40,423	**–**	–	**83,076**	57,224	**–**	–	**83,076**	57,224

(d) Geographical information

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

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

	Carrying amount of non-current assets	
	2016	2015
	HK$'000	*HK$'000*
PRC (other than Hong Kong)	**1,927,768**	2,001,865

The Group's non-current assets above exclude interest in a joint venture and financial instruments.

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

4. OTHER GAINS AND LOSSES

	2016	2015
	HK$'000	*HK$'000*
Included in other gains and losses are:		
Bank interest income	**3,524**	5,838
Exchange (loss) gain, net	**(12,785)**	411
Imputed interest income on other receivables	**3**	9
Imputed interest income on amount due from a joint venture	**13,668**	15,563

5. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
Interest on bank borrowings	**4,243**	4,791

6. TAXATION

	2016	2015
	HK$'000	*HK$'000*
The tax charge (credit) comprises:		
Current tax in the PRC (other than Hong Kong)		
Current year	**12,909**	10,927
(Over)underprovision in prior years	**(255)**	29
	12,654	10,956
Deferred taxation	**23,998**	7,935
	36,652	18,891

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

Under the Law of the People's Republic of China on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the Group's PRC entity is 25% 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 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$2,602,000 (2015: HK$2,815,000) has been provided for in the consolidated financial statements in respect of the temporary differences attributable to such profits.

7. DIVIDENDS

	2016	2015
	HK$'000	*HK$'000*
Final dividend paid in respect of year ended 30 June 2015 of 3 Hong Kong cents (2014: 2.5 Hong Kong cents) per share	**6,706**	5,485
Interim dividend paid in respect of year ended 30 June 2016 of 2.5 Hong Kong cents (2015: 2.5 Hong Kong cents) per share	**5,590**	5,485
	12,296	10,970

The final dividend (if any) for the year ended 30 June 2016 will be considered and, if thought fit, recommend by the Directors of the Company at the Board meeting of the Company to be held on 3 October 2016 as disclosed in the Company's announcement dated 20 September 2016.

8. 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:

	2016	2015
	HK$'000	*HK$'000*
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	**95,085**	101,586

	2016	2015
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**222,940,826**	219,403,681
Effect of dilutive potential ordinary shares on share options	**10,736,214**	14,066,666
Number of ordinary shares for the purpose of diluted earnings per share	**233,677,040**	233,470,347

9. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 July 2014	1,930,079
Exchange realignment	12,798
Increase in fair value recognised in profit or loss	57,224
At 30 June 2015	2,000,101
Exchange realignment	(156,937)
Increase in fair value recognised in profit or loss	83,076
At 30 June 2016	**1,926,240**

The fair value of the Group's investment properties as at 30 June 2016 and 2015 has been arrived at on the basis of valuations carried out on that dates 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$83,076,000 (2015: HK$57,224,000) which has been credited to profit or loss. All the investment properties are situated in the PRC.

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

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

	2016	2015
	HK$'000	*HK$'000*
Cost of investment, unlisted (*Note*)	**136,345**	147,766
Share of post-acquisition losses and reserves	**(64,775)**	(53,299)
	71,570	94,467
Amount due from a joint venture	**235,184**	239,924

Note:

The Group had lodged petitions for international arbitrations in respect of the dispute with the Chinese joint venture partner as to the percentages of equity interest held in Shenzhen Zhen Wah Harbour Enterprises Ltd. ("**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 in 2008, the registered capital of Zhen Wah was confirmed to be RMB21,000,000, of which RMB10,290,000 and RMB10,710,000 were contributed by the Group and the Chinese joint venture partner, respectively, and that the equity interests of Zhen Wah were held by the Group and the Chinese joint venture partner as to 49% and 51%, respectively. The additional capital contribution of RMB32,550,000 by the Group was considered as advances to Zhen Wah by the Group.

Also, the arbitral award in 2010 supported the distribution of profit arising from income generated from a piece of land held by Zhen Wah located in Tung Kok Tau, Shenzhen, the PRC before re-development entitled by the Group should be 80%.

The assets and liabilities of Zhen Wah were deconsolidated and the Group's share of net assets and results in Zhen Wah had been accounted for as a joint venture under the equity method based on the Group's 49% equity interest in Zhen Wah since the year ended 30 June 2009.

The distribution of profit arising from income was accounted for under the equity method based on the Group's 49% equity interest in Zhen Wah. The additional share of 31% up to 30 June 2016 which has not been recognised by the Group amounted to HK$10,368,000 (2015: HK$10,368,000), as the Directors of the Company consider the result of the arbitration is subject to the agreement of the Chinese joint venture partner.

Zhen Wah is a sino-foreign equity joint venture company and indirectly held by the Company. The Group is able to exercise 50% voting power in the joint venture, which is determined by the proportion of the Group's representatives in the board of directors of Zhen Wah. The operation period of Zhen Wah expired on 16 January 2014. Both joint venture partners of Zhen Wah have determined not to extend its operation period and an application was lodged to compulsorily liquidate Zhen Wah during the year. PRC court accepted the application for compulsory liquidation of Zhen Wah in July 2016.

Based on the PRC laws and regulations and the related interpretations by an external PRC legal counsel engaged by the Group, after the expiry of the operation period and even under liquidation process, the legal identity of Zhen Wah still exists and the net assets of Zhen Wah will be distributed to the joint venture partners based on their equity contributions after the completion of the liquidation. The Directors of the Company expect that the liquidation process is not expected to complete within one year.

The amount due from a joint venture is unsecured and to be repayable after the next twelve months from the end of the reporting period. The amount is carried at amortised cost at an effective interest rate of 6% (2015: 6%) per annum.

The Directors of the Company have assessed the recoverability of interest in a joint venture and amount due from a joint venture amounting to HK$71,570,000 and HK$235,184,000, respectively as at 30 June 2016. Based on the latest financial information and fair value of prepaid lease payments of Zhen Wah, the Directors of the Company have concluded that the amounts will be recoverable.

11. TRADE AND OTHER RECEIVABLES

At 30 June 2016, 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$46,000 (2015: HK$77,000) which are measured at amortised cost at an effective interest rate of 6.15% (2015: 6.15%) per annum. For property sales, the Group allows an average credit period of 30 days (2015: 30 days) to the buyers. Rentals receivable from tenants and service income receivables from customers are payable on presentation of invoices.

The following is an aged analysis of trade receivables of HK$11,794,000 (2015: HK$11,435,000) net of allowance for doubtful debt of HK$3,443,000 (2015: HK$3,731,000) presented based on invoice date at the end of the reporting period:

	2016	2015
	HK$'000	*HK$'000*
0–60 days	**8,074**	7,288
61–90 days	**–**	396
More than 90 days	**277**	20
	8,351	7,704

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. 71% (2015: 85%) of the trade receivables are neither past due nor impaired and have good settlement repayment history.

Included in the Group's trade receivable balances are debtors with a carrying amount of HK$2,464,000 (2015: HK$1,173,000) 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 50 days (2015: 52 days) overdue.

Aging of past due but not impaired trade receivables

	2016	2015
	HK$'000	*HK$'000*
Overdue:		
0–30 days	**1,380**	757
31–60 days	**807**	–
61–90 days	**–**	396
More than 90 days	**277**	20
Total	**2,464**	1,173

12. TRADE AND OTHER PAYABLES

At 30 June 2016, the balance of trade and other payables included trade payables of HK$1,951,000 (2015: HK$1,648,000). The following is an aged analysis of trade payables based on the invoice date at the end of the reporting period:

	2016	2015
	HK$'000	*HK$'000*
0–60 days	**845**	609
Over 60 days	**1,106**	1,039
	1,951	1,648

The other payables mainly include rental deposits of HK$29,307,000 (2015: HK$29,578,000) and receipt in advance of HK$3,454,000 (2015: HK$4,065,000).

RESULTS REVIEW

For the financial year ended 30 June 2016, the Group recorded a total revenue of HK$103,870,000 (2015: HK$103,437,000) and gross profit of HK$83,971,000 (2015: HK$82,456,000). These results were mainly attributable to the improved rental income of investment properties of the Group denominated in renminbi ("**RMB**"), together with stable gross profit margin of 81% (2015: 80%).

In addition, the Group accounted for other gain of HK$6,266,000 (2015: HK$23,648,000) that arose mainly from interest income. It reduced significantly due to net exchange loss of HK$12,785,000 (2015: net exchange gain of HK$411,000) arisen from the fluctuation of RMB devalued against Hong Kong dollar ("**HKD**") in the year. As for capital assets, the Group recognized an aggregate increase in fair value of its investment properties in the sum of HK$83,076,000 (2015: HK$57,224,000).

Due to the effect of currency translation from functional currency in RMB to presentation currency in HKD as RMB devalued against HKD at about 8% in the year, the profit for the year attributable to owners of the Company amounted to HK$95,085,000 (2015: HK$101,586,000), which dropped by 6% from that of the previous year, with basic earnings per share of HK$0.427 (2015: HK$0.463).

Taken account of other comprehensive expense of exchange difference on translation of RMB to presentation currency of HKD in the consolidated financial statements, the total comprehensive expense attributable to owners of the Company amounted to HK$66,749,000 (2015: total comprehensive income of HK$114,451,000) for the year.

BUSINESS REVIEW

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

The core rental business of investment properties of the Group, which were quality offices in Pudong in Shanghai and well-established mall together with carparks in Chaoyang District in Beijing with asset value in an aggregate of RMB1,646,300,000 (2015: RMB1,577,300,000), performed steadily in the year with total revenue of property rental of RMB86,270,000 (2015: RMB81,883,000), showing a mild increase of 5% as compared with that of last year. Such rental income presented in the financial statements in the sum of HK$103,870,000 (2015: HK$103,437,000) and contributed to all (2015: all) of the total turnover of the Group. Meanwhile, the fair value of these investment properties appreciated in the total of RMB69,000,000 (2015: RMB45,300,000), translating into HK$83,076,000 (2015: HK$57,224,000). As such, the segment results of property rental reported a profit of RMB138,622,000 (2015: RMB110,582,000), depicting in HK$166,902,000 (2015: HK$139,691,000) with a moderate increment of 19% from that of the last year.

In Beijing, the well-established community mall of the Group known as "Uptown Mall" with mid-range retailers sustained high occupancy at constant rental growth in the year. The mall rental was in the sum of RMB30,124,000 (2015: RMB28,804,000), representing a fair rise of 5% as compared with that of the last year. This rental translated into HK$36,269,000 (2015: HK$36,386,000) and contributing 35% (2015: 35%) of the total revenue of the Group. As regards fair value of these investment properties, the Group recognized appreciation in the sum of RMB4,000,000 (2015: RMB13,300,000), depicting in HK$4,816,000 (2015: HK$16,801,000). Consequently, the segment results (including the effect of fair-value appreciation of properties) reported a profit of HK$31,255,000 (2015: HK$44,119,000), showing a drop of 29% from that of the last year.

With limited residential units available for sale by the Group in Beijing, the proceeds from sale of residential units held by the Group at "Chaoyang Garden" were nil (2015: nil), thereby incurring an administrative loss of HK$140,000 (2015: HK$158,000) in the segment results.

In Shanghai, office market in core business district in Pudong remained active due to demand from local financial and professional companies in the year. The quality offices of the Group known as "Eton Place" primely located at prominent financial area of Little Lujiazui were fully taken up at sustainable rental growth. And the rental revenue amounted to RMB56,147,000 (2015: RMB53,079,000), denoting a mild increase of 6% from that of the last year. It presented into HK$67,601,000 (2015: HK$67,051,000), making up 65% (2015: 65%) of the total turnover of the Group. The fair value of these office properties appreciated in the sum of RMB65,000,000 (2015: RMB32,000,000), depicting in HK$78,260,000 (2015: HK$40,423,000). Thereby, the segment results (including the effect of fair-value appreciation of properties) was making a profit of HK$135,647,000 (2015: HK$95,572,000), representing a marked increment of 42% from the one of the last year.

During the year under review, the Group continued to negotiate with the Chinese joint venture partner and relevant government authorities regarding the liquidation of Shenzhen Zhen Wah Harbour Enterprises Ltd. ("**Zhen Wah**"), a joint venture in which the Company holds 49%, including a proposal for re-zoning, compensation for demolition and relocation and increase of plot ratio of the land held by Zhen Wah and located in Tung Kok Tau, Nanshan district, Shenzhen ("**Land**") ("**Proposal**").

As disclosed in the announcement of the Company on 11 July 2016, the PRC court has accepted the application for compulsory liquidation of Zhen Wah and Zhong Lun Law Firm Shenzhen Office (北京市中倫（深圳）律師事務所) has been appointed as the liquidation committee of Zhen Wah ("**Liquidation Committee**"). The Liquidation Committee has taken over the management of Zhen Wah, including matters regarding the Proposal.

The Company has been closely monitoring the situation with the assistance of its legal advisers. Based on PRC legal advice received by the Group, the Land will eventually be sold by way of public auction or disposed of by other applicable means in accordance with PRC laws, and any surplus (after settlement of all relevant liabilities) will be distributed to the joint venture partners in accordance with their equity contributions.

PROSPECTS

Looking ahead, the economy in China will continue to be in slower but more resilient growth, taken account of official stimulus policy and weakening RMB under global economic uncertainty. It is anticipated that it will increasingly shift towards a higher value-added economy such as the services industry and domestic consumption, bolstering leasing demand of office and retail sectors.

In Beijing, the launch of huge prime shopping areas, strong competition from on-line retail sales, sluggish luxury market and Chinese tendency of overseas purchase will continue to decelerate rental growth of retail market. Mid-range and mass-market retailers are expected to remain the major demand driver. And the Group will continue to strategically optimize mid-range brand portfolio and retailer mix as well as massive marketing campaigns and promotion activities, in line with shoppers' need and lifestyle for sustaining high occupancy rate and constant revenue to the Group.

In Shanghai, it is expected that office market in Pudong as financial hub will remain buoyant with active leasing demand from finance and professional sectors, despite impending glut of premier office supply, infrastructural construction nearby Eton Place and full implementation of value-added tax since 1 May 2016. To maintain high occupancy rate and steady recurring revenue, the Group will continue to strive for retention and expansion of existing quality tenants and target on small- and medium-sized domestic quality tenants for new leases at competitive rental strategies.

The 49% interests of the Company in Zhen Wah is an important investment of the Group in view of the improving infrastructure and upgrading surrounding area of the Land. Shareholders should be assured that the Company has been adopting and will continue to adopt the best available measures with a view to protecting the Company's interests in the context of the compulsory liquidation of Zhen Wah.

The issues involved in liquidation of Zhen Wah are however complex and delicate, involving not only the PRC court but also various governmental authorities. There is no assurance that the liquidation may not be subject to significant delay, oppositions, obstructions and further dispute or litigation with respect to the matters of Zhen Wah and/or its assets. The Company will act proactively to protect its interests.

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 2016, 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.

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 2016 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 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, 30 September 2016

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