

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



## ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 30 JUNE 2019

### RESULTS

The board of directors (“**Directors**”) of Dynamic Holdings Limited (“**Company**”) is pleased to announce that the audited consolidated results of the Company and its subsidiaries (“**Group**”) for the year ended 30 June 2019 together with comparative figures for the previous year are as follows:

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

	Notes	Year ended 30 June	
		2019 HK\$'000	2018 HK\$'000
<b>Revenue</b>	3	<b>106,206</b>	113,030
Direct costs		<b>(25,407)</b>	(24,316)
<b>Gross profit</b>		<b>80,799</b>	88,714
Other income, gains or losses	4	<b>15,894</b>	24,482
Increase in fair value of investment properties		<b>3,560</b>	88,171
Administrative expenses		<b>(43,730)</b>	(40,461)
Selling expenses		<b>(923)</b>	(1,019)
Finance costs		<b>(4,325)</b>	(3,345)
Share of loss of a joint venture		<b>(10,140)</b>	(9,949)
<b>Profit before taxation</b>		<b>41,135</b>	146,593
Taxation	5	<b>8,445</b>	(18,163)
<b>Profit for the year</b>		<b>49,580</b>	128,430
<b>Other comprehensive (expense) income for the year</b>			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation to presentation currency		<b>(91,249)</b>	58,204
<b>Total comprehensive (expense) income for the year</b>		<b>(41,669)</b>	186,634

	<i>Note</i>	<b>Year ended 30 June</b>	
		<b>2019</b>	2018
		<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
<b>Profit for the year attributable to:</b>			
Owners of the Company		<b>48,730</b>	126,125
Non-controlling interests		<b>850</b>	2,305
		<u><b>49,580</b></u>	<u>128,430</u>
<b>Total comprehensive (expense) income attributable to:</b>			
Owners of the Company		<b>(40,919)</b>	183,179
Non-controlling interests		<b>(750)</b>	3,455
		<u><b>(41,669)</b></u>	<u>186,634</u>
<b>Earnings per share (<i>Hong Kong cents</i>)</b>			
Basic	7	<u><b>21.5</b></u>	<u>56.0</u>
Diluted		<u><b>20.5</b></u>	<u>53.0</u>

## Consolidated Statement of Financial Position

		<b>At 30 June</b>	
		<b>2019</b>	2018
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current Assets</b>			
Property, plant and equipment		<b>2,431</b>	1,859
Investment properties	8	<b>2,051,020</b>	2,136,283
Interest in a joint venture	9	<b>93,605</b>	80,205
Amount due from a joint venture	9	<b>215,712</b>	238,283
Other asset		<b>1,364</b>	1,423
		<b>2,364,132</b>	2,458,053
<b>Current Assets</b>			
Properties held for sale		<b>15,441</b>	16,192
Loan receivables		–	–
Trade and other receivables	10	<b>30,594</b>	37,796
Amount due from a non-controlling shareholder		<b>301</b>	907
Pledged bank deposits		<b>13,065</b>	30,521
Fixed bank deposits		<b>157,679</b>	163,799
Bank balances and cash		<b>102,835</b>	94,071
		<b>319,915</b>	343,286
<b>Current Liabilities</b>			
Trade and other payables	11	<b>43,778</b>	47,008
Tax payable		<b>91,022</b>	94,718
Bank loans – due within one year		<b>107,759</b>	7,761
		<b>242,559</b>	149,487
<b>Net Current Assets</b>		<b>77,356</b>	193,799
<b>Total Assets less Current Liabilities</b>		<b>2,441,488</b>	2,651,852

	<b>At 30 June</b>	
	<b>2019</b>	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Capital and Reserves</b>		
Share capital	228,324	225,174
Reserves	<u>1,867,332</u>	<u>1,923,824</u>
<b>Equity attributable to owners of the Company</b>	<b>2,095,656</b>	2,148,998
<b>Non-controlling interests</b>	<u>36,862</u>	<u>38,186</u>
<b>Total Equity</b>	<u>2,132,518</u>	<u>2,187,184</u>
<b>Non-current Liabilities</b>		
Bank loans – due after one year	–	127,759
Deferred tax liabilities	293,795	322,594
Long-term rental deposits received	<u>15,175</u>	<u>14,315</u>
	<u>308,970</u>	<u>464,668</u>
	<u>2,441,488</u>	<u>2,651,852</u>

Notes:

## 1. BASIS OF PREPARATION

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

## 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**

The Group has applied the following new and amendments to HKFRSs and an interpretation issued by the HKICPA for the first time in the current year:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 “Financial Instruments” with HKFRS 4 “Insurance Contracts”
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the new and amendments to HKFRSs and an interpretation 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 9 “Financial Instruments” and the related amendments**

In the current year, the Group has applied HKFRS 9 “Financial Instruments” and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for i) the classification and measurement of financial assets and financial liabilities, ii) expected credit losses (“ECL”) for financial assets and iii) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 July 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 July 2018. The difference between carrying amounts as at 30 June 2018 and the carrying amounts as at 1 July 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

The Directors reviewed and assessed the financial assets as at 1 July 2018 based on the facts and circumstances that existed at that date. All financial assets of the Group continue to be measured at amortised cost or fair value. Except for the assessment of impairment under ECL model for financial assets at amortised cost, the application of HKFRS 9 has had no significant impact on the classification and measurement of the financial assets of the Group.

## HKFRS 15 “Revenue from Contracts with Customers”

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 “Revenue”, HKAS 11 “Construction Contracts” and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 July 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 July 2018.

The Directors consider that the application of HKFRS 15 does not have a material impact on the timing and amounts of revenue recognised in the current and prior years.

## New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 16	Leases <sup>1</sup>
HKFRS 17	Insurance Contracts <sup>2</sup>
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments <sup>1</sup>
Amendments to HKFRS 3	Definition of a Business <sup>4</sup>
Amendments to HKFRS 9	Prepayment Features with Negative Compensation <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 1 and HKAS 8	Definition of Material <sup>5</sup>
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement <sup>1</sup>
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

<sup>4</sup> Effective for business combination for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2020

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

## HKFRS 16 “Leases”

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

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. HKFRS 16 also includes requirements relating to subleases and lease modifications.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

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

Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 30 June 2019, the Group has non-cancellable operating lease commitments of HK\$3,898,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers short-term refundable rental deposits received of HK\$12,172,000 and long-term rental deposits received of HK\$15,175,000 as obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits received would be considered as advance lease payments.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

### **3. REVENUE AND SEGMENT INFORMATION**

Information reported to the board of Directors (“**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 (“**PRC**”). The Group’s investment properties portfolio, which mainly consists of offices, shopping mall and carparks, are located in Shanghai and Beijing, the PRC. The property sales segment includes sales of the Group’s trading properties in Beijing, the PRC.

The revenue from property rental is recognised over time and the revenue from property sale is recognised at a point in time.

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		2019	2018
	2019	2018	2019	2018	2019	2018		
HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	
<b>SEGMENT REVENUE</b>								
<b>REVENUE</b>								
External sales	<u>36,774</u>	<u>36,881</u>	<u>69,432</u>	<u>76,149</u>	<u>-</u>	<u>-</u>	<u>106,206</u>	<u>113,030</u>
<b>SEGMENT RESULT</b>	<u>11,003</u>	<u>48,846</u>	<u>73,522</u>	<u>129,160</u>	<u>(198)</u>	<u>(243)</u>	<u>84,327</u>	<u>177,763</u>
Unallocated other income							<u>13,199</u>	<u>21,721</u>
Unallocated corporate expenses							<u>(41,926)</u>	<u>(39,597)</u>
Finance costs							<u>(4,325)</u>	<u>(3,345)</u>
Share of loss of a joint venture							<u>(10,140)</u>	<u>(9,949)</u>
Profit before taxation							<u>41,135</u>	<u>146,593</u>

The accounting policies of the operating segments are the same as the Group’s accounting policies. Segment result represents the profit (loss) from each segment without the allocation of central administration costs, bank interest income, exchange gain (loss), imputed interest income on amount due from a joint venture, share of loss of a joint venture and finance costs. 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		2019	2018
	2019	2018	2019	2018	2019	2018		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
<b>ASSETS</b>								
Segment assets	653,179	692,250	1,402,948	1,449,685	20,785	20,429	2,076,912	2,162,364
Interest in a joint venture							93,605	80,205
Amount due from a joint venture							215,712	238,283
Unallocated corporate assets							297,818	320,487
Consolidated total assets							<u>2,684,047</u>	<u>2,801,339</u>
<b>LIABILITIES</b>								
Segment liabilities	6,462	6,993	30,328	31,903	10,836	12,638	47,626	51,534
Unallocated corporate liabilities							503,903	562,621
Consolidated total liabilities							<u>551,529</u>	<u>614,155</u>

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

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

(c) **Other segment information**

Property rental				Property sales		Segment Total		Unallocated		Consolidated	
Beijing		Shanghai		Beijing							
2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
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	-	-	-	-	316	-	316	-	807	85	1,123	85
Depreciation	-	-	-	-	101	106	101	106	316	242	417	348
Impairment loss reversed in respect of receivables, net	-	-	-	(236)	-	-	-	(236)	-	-	-	(236)
(Decrease) increase in fair value of investment properties	(10,222)	25,621	13,782	62,550	-	-	3,560	88,171	-	-	3,560	88,171

(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	
	2019	2018
	HK\$'000	HK\$'000
PRC (other than Hong Kong)	2,147,056	2,218,347
Hong Kong	1,364	1,423
	<u>2,148,420</u>	<u>2,219,770</u>

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

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

#### 4. OTHER INCOME, GAINS OR LOSSES

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Included in other income, gains or losses are:		
Bank interest income	<b>4,730</b>	3,649
Exchange (loss) gain, net	<b>(5,841)</b>	4,006
Imputed interest income on amount due from a joint venture	<b>13,855</b>	13,690

#### 5. TAXATION

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
The tax credit (charge) comprises:		
Current tax in the PRC (other than Hong Kong)		
Current year	<b>(7,014)</b>	(7,404)
(Under)overprovision in prior years	<b>(91)</b>	457
	<b>(7,105)</b>	(6,947)
Deferred tax credit (charge)	<b>15,550</b>	(11,216)
	<b>8,445</b>	(18,163)

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 ("EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Group's PRC subsidiary is 25%.

Certain subsidiaries of the Company incorporated in Hong Kong and the British Virgin Islands are subject to withholding tax ranging from 10% to 25% on their taxable 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\$2,634,000 (2018: HK\$2,654,000) has been provided for in the consolidated financial statements in respect of the temporary differences attributable to such profits.

#### 6. DIVIDENDS

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Final dividend paid in respect of year ended 30 June 2018 of 4 Hong Kong cents (2017: 3 Hong Kong cents) per share	<b>9,133</b>	6,752
Interim dividend paid in respect of year ended 30 June 2019 of 3 Hong Kong cents (2018: 2.5 Hong Kong cents) per share	<b>6,850</b>	5,629
	<b>15,983</b>	12,381

The final dividend in respect of 4 Hong Kong cents per share for the year ended 30 June 2019 has been proposed by the Board of Directors and is subject to approval by the shareholders in the annual general meeting.

## 7. EARNINGS PER SHARE

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

	2019 <i>HK\$'000</i>	2018 <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>48,730</b>	126,125
	<b>2019</b>	2018
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>226,930,941</b>	225,092,393
Effect of dilutive potential ordinary shares on share options	<b>11,025,912</b>	12,978,589
Number of ordinary shares for the purpose of diluted earnings per share	<b>237,956,853</b>	238,070,982

## 8. INVESTMENT PROPERTIES

	<i>HK\$'000</i>
<b>FAIR VALUE</b>	
At 1 July 2017	1,990,736
Exchange realignment	57,376
Increase in fair value recognised in profit or loss	88,171
At 30 June 2018	2,136,283
Exchange realignment	(88,823)
Increase in fair value recognised in profit or loss	3,560
<b>At 30 June 2019</b>	<b>2,051,020</b>

The fair value of the Group's investment properties (including commercial and car parking portion and office units) as at 30 June 2019 and 2018 has been arrived at on the basis of valuations carried out by Savills Valuation and Professional Services Limited, an independent firm of qualified professional valuers not connected with the Group with appropriate qualification and recent experience in the valuation of similar properties in the relevant locations. The valuation was arrived at with adoption of the direct comparison approach by making reference to comparable sales transactions as available in the market and where appropriate, adopted the investment method by capitalising the rental income of the properties derived from the existing tenancies with due allowance for the reversionary income potential of the properties. The revaluation gave rise to a net gain arising from increase in fair value of HK\$3,560,000 (2018: HK\$88,171,000) which has been recognised in profit or loss. All the investment properties are situated in the PRC.

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

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

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Cost of investment, unlisted	188,154	164,826
Share of post-acquisition losses and reserves	<u>(94,549)</u>	<u>(84,621)</u>
	<u>93,605</u>	<u>80,205</u>
Amount due from a joint venture	<u>215,712</u>	<u>238,283</u>

*Note:*

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

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

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

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

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

The distribution of profit arising from relevant income was accounted for under the equity method based on the Group’s 49% equity interest in Zhen Wah. The additional share of 31% up to 30 June 2019 which has not been recognised by the Group amounted to HK\$10,368,000 (2018: 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 in prior year. The PRC court accepted the application for liquidation of Zhen Wah and appointed a law firm in the PRC as the liquidation committee of Zhen Wah in prior year.

Based on the PRC laws and regulations and the related interpretations by an external PRC legal counsel engaged by the Group, after the expiry of the operation period and even during the liquidation process, the legal identity of Zhen Wah still exists and the net assets of Zhen Wah will be distributed to the joint venture partners based on their equity contributions after the completion of the liquidation. The Directors expect that the liquidation process will not complete within one year. Accordingly, the Directors continue to account for Zhen Wah as a joint venture of the Group using the equity method of accounting in these consolidated financial statements.

The 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% (2018: 6%) per annum.

The Directors have assessed the recoverability of interest in a joint venture and amount due from a joint venture amounting to HK\$93,605,000 and HK\$215,712,000, respectively, as at 30 June 2019. Based on the latest financial information and fair value of net assets of Zhen Wah, the Directors have concluded that the amounts will be fully recoverable.

## 10. TRADE AND OTHER RECEIVABLES

At 30 June 2019, 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 which HK\$30,000 (2018: HK\$31,000) are measured at amortised cost at an effective interest rate of 6.15% (2018: 6.15%) per annum. The Group allows an average credit period of 30 days (2018: 30 days) to the buyers in respect of property sales and 30 days (2018: 30 days) for tenants.

The following is an aged analysis of trade receivables of HK\$7,655,000 (2018: HK\$8,619,000) net of allowance for credit losses of HK\$3,161,000 (2018: HK\$3,299,000) presented based on the invoice date at the end of the reporting period:

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
0–30 days	3,155	3,569
31–60 days	92	200
61–90 days	397	443
More than 90 days	850	1,108
	<u>4,494</u>	<u>5,320</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. As at 30 June 2019, 67% (2018: 61%) of the trade receivables are neither past due nor impaired and have the best credit scoring attributable under the internal credit scoring system used by the Group.

As at 30 June 2019, included in the Group's trade receivable balances are debtors with aggregate carrying amount of HK\$1,471,000 (2018: HK\$2,077,000) which are past due at the reporting date for which the Group has not provided for credit loss as 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 100 days (2018: 92 days) overdue.

### Aging of trade receivables which are past due but not impaired

	2018 <i>HK\$'000</i>
Overdue:	
0–30 days	326
31–60 days	200
61–90 days	443
More than 90 days	<u>1,108</u>
	<u>2,077</u>

### 11. TRADE AND OTHER PAYABLES

At 30 June 2019, the balance of trade and other payables included trade payables of HK\$914,000 (2018: HK\$767,000). The following is an aged analysis of trade payables based on the invoice date at the end of the reporting period:

	<b>2019</b> <b><i>HK\$'000</i></b>	2018 <i>HK\$'000</i>
0–60 days	<b>868</b>	333
61–90 days	–	21
Over 90 days	<u><b>46</b></u>	<u>413</u>
	<u><b>914</b></u>	<u>767</u>

The other payables mainly include rental deposits received of HK\$12,172,000 (2018: HK\$15,170,000), receipt in advance of HK\$5,991,000 (2018: HK\$5,390,000) and other tax payable of HK\$5,820,000 (2018: HK\$6,308,000).

## RESULTS REVIEW

For the financial year ended 30 June 2019, the Group recorded a total revenue of HK\$106,206,000 (2018: HK\$113,030,000) and gross profit of HK\$80,799,000 (2018: HK\$88,714,000), both showing mild decrease of 6% and 9% respectively compared with those of the previous year. These results were attributable to the rental income of investment properties of the Group denominated in renminbi yuan (“RMB”), with gross profit margin at 76% (2018: 78%).

During the year under review, the Group accounted for other income, gains or losses of HK\$15,894,000 (2018: HK\$24,482,000), mainly derived from bank and imputed interest income in the sum of HK\$18,585,000 (2018: HK\$17,339,000) with net exchange loss of HK\$5,841,000 (2018: net exchange gain of HK\$4,006,000) due to the fluctuation of RMB devaluation against Hong Kong dollar (“HKD”) in the year. In addition, the Group recognized an aggregate increase in the fair value of the investment properties in the amount of HK\$3,560,000 (2018: HK\$88,171,000) under subdued market sentiment. And the administrative expenses for the year amounted to HK\$43,730,000 (2018: HK\$40,461,000).

After taking into account of the above significant decline in appreciation of the fair value of the investment properties together with the related tax effect and the above devaluation of RMB in the year, the profit for the year attributable to shareholders of the Company was HK\$48,730,000 (2018: HK\$126,125,000), which decreased by 61% from that of the previous year, with basic earnings per share of HK\$0.215 (2018: HK\$0.560).

Meanwhile, there was other comprehensive expense in the sum of HK\$91,249,000 (2018: other comprehensive income of HK\$58,204,000) due to RMB devaluation of about 4% (2018: RMB appreciation of about 3%) against HKD resulting in exchange difference on currency translation to presentation currency in HKD from functional currency in RMB in the year, and the total comprehensive expense attributable to shareholders of the Company amounted to HK\$40,919,000 (2018: the total comprehensive income of HK\$183,179,000).

## BUSINESS REVIEW

In the year under review, the operating segments of the Group consisted of property rental and property sales in the mainland China. The rental segment of investment properties in Beijing and Shanghai, which was the major segment assets of the Group with modest rental performance all denominated in RMB under slowing growth of economy, 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 RMB1,804,200,000 (2018: RMB1,801,100,000), performed moderately in the year with total revenue of property rental of RMB92,474,000 (2018: RMB93,967,000), showing a slight decrease of 2% as compared with that of last year. Such rental income presented in the financial statements in the sum of HK\$106,206,000 (2018: HK\$113,030,000) and contributed to all (2018: all) of the total turnover of the Group.

Amid subdued market sentiment, the fair value of these investment properties of the Group comprising shopping mall and carparks in Beijing and office units in Shanghai appreciated in the sum of RMB3,100,000 (2018: RMB73,300,000), translating into HK\$3,560,000 (2018: HK\$88,171,000) for the year. Due to significant decline in appreciation of fair value of these investment properties, the segment results of property rental reported a profit of RMB73,596,000 (2018: RMB147,984,000), translating into HK\$84,525,000 (2018: HK\$178,006,000) which shows a significant drop of 53% as compared with last year. Disregarding changes in fair value of these investment properties, the underlying segment results would have been RMB70,496,000 (2018: RMB74,684,000), showing a mild drop of 6% as compared with last year.

In Beijing, the well-established community mall of the Group known as “Uptown Mall” with focus on mass-market and mid-range retailers maintained high occupancy in the year with improved rental performance. The rental income generated from the well-established community mall (including car parks) of the Group in Chaoyang District improved whereas the average occupancy rate was about 91% (2018: 95%) throughout the year. In addition, the rental income of this segment in the year totalled RMB32,019,000 (2018: RMB30,661,000) showing a mild increase of 4% as compared with that of last year and translating into HK\$36,774,000 (2018: HK\$36,881,000) and accounted for 35% (2018: 33%) of the total revenue of the Group. The fair value of these investment properties decreased in the sum of RMB8,900,000 (2018: increased by RMB21,300,000), translating into HK\$10,222,000 (2018: increased by HK\$25,621,000). Thereby, a profit of HK\$11,003,000 (2018: HK\$48,846,000) was recorded in this segment results in the year, after taking into account of depreciation in fair value, denoting a substantial drop of 77% as compared with that of the last year. Disregarding changes in fair value of these investment properties, the underlying segment results would have been RMB18,480,000 (2018: RMB19,308,000), showing a mild drop of 4% as compared with the last year. Due to limited residential units held for sale by the Group in Beijing, there was nil (2018: nil) proceeds of property sales of residential units held by the Group at “Chaoyang Garden” incurring an administrative loss of HK\$198,000 (2018: HK\$243,000) in this segment results of property sales in the year.

In Shanghai, overall leasing of office market in prime business district in Pudong faced fierce competition, which subdued rental due to abundant new supply of office, decentralized non-prime office market and sluggish leasing demand for office under economic slowdown in the PRC. The quality offices of the Group known as “Eton Place” which is in the prominent financial location of Little Lujiazui in Pudong attained an average occupancy rate of about 90% (2018: 96%) with improving rental rate in the year. As a whole, there was decreased rental performance during the year and the rental income was in the sum of RMB60,454,000 (2018: RMB63,306,000), showing a mild decrease of 5% from that of last year and translating into HK\$69,432,000 (2018: HK\$76,149,000) which shared 65% (2018: 67%) of the total revenue of the Group in the year. The fair value of these investment properties appreciated in the sum of RMB12,000,000 (2018: RMB52,000,000), translating into HK\$13,782,000 (2018: HK\$62,550,000). Thereby, this segment results recorded a total profit of HK\$73,522,000 (2018: HK\$129,160,000) in the year and, taking into account of significantly reduced appreciation in fair value, denoting a significant drop of 43% as compared with that of last year. Disregarding changes in fair value of these investment properties, the underlying segment results would have been RMB52,016,000 (2018: RMB55,376,000), showing a mild drop of 6% as compared with the last year.

During the year under review, Shenzhen Zhen Wah Harbour Enterprises Ltd. (“**Zhen Wah**”, a joint venture in which the Company holds 49% of equity interests), which owned or occupied a piece of land located in Tung Kok Tau, Nanshan District, Shenzhen (“**Existing Land**”), continued its proceedings of compulsory liquidation (“**Liquidation**”) which commenced in July 2016 under supervision of the PRC court and management of a liquidation committee (“**Liquidation Committee**”) as nominated by the PRC court.

As announced on 5 August 2019, the PRC court accepted the application lodged by the Liquidation Committee to further extend the period of Liquidation of Zhen Wah for six months up to January 2020.

In the year, the Group continued to closely monitor the liquidation proceedings of Zhen Wah with the assistance of its legal advisers. In addition, the Group carried on working actively with the Liquidation Committee, relevant official authorities and Chinese joint venture partner regarding the liquidation and the proposal for re-zoning/swap of the Existing Land, compensation for demolition, relocation and increase of gross developable area of the Existing Land (“**Proposal**”). Almost all of the ex-tenants/occupiers of the Existing Land have been agreed for relocation and delivered vacant possession. The Proposal has been assessed officially for swap of the Existing Land (“**Land Swap**”) in accordance with the relevant laws and regulations. After planning and adjustment in alignment with the recently proposed city planning of an opera house project near the Existing Land, the 收地補償協議書 (Land Resumption Compensation Agreement) for the Land Swap (“**Agreement**”) has been entered into between 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) (“**Bureau**”) and Zhen Wah, as announced by the Company on 11 September 2019 (“**Land Swap Announcement**”).

Pursuant to the Agreement, Zhen Wah and the Bureau agreed to the Land Swap such that the Existing Land comprising (1) the Existing Land A (as defined in the Land Swap Announcement) as owned by Zhen Wah will be surrendered by Zhen Wah to the Bureau in return for a piece of land in Tung Kok Tau, Nanshan District, Shenzhen, 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 west of 中心路 (Zhong Xin Road) and to the north of 望海路 (Wang Hai Road) (“**New Land**”), to be granted by the Bureau to Zhen Wah without additional land premium payable and (2) the Existing Land B (as defined in the Land Swap Announcement) as occupied by Zhen Wah will be surrendered by Zhen Wah to the Bureau, both subject to the terms and conditions as set out therein with compensation under negotiation for the clearance of buildings and erections on the Existing Land.

According to the Agreement, the New Land will have a land site area of approximately 111,000 square metres with land usage as residential, commercial including office and supporting ancillary facilities and a total developable gross floor area of approximately 395,000 square metres for multi-purpose development.

Moreover, Zhen Wah has to make appropriate applications required for the Land Swap in accordance with the relevant laws, regulations and rules of the PRC applicable to Zhen Wah, including but not limited to the adjustment of the statutory plans, the approval of 用地方案圖 (Land Use Plan) and 建設用地規劃許可證 (Land Construction Planning Permit) and the execution of 土地使用權出讓合同書 (Land Use Rights Grant Contract) (“**Land Contract**”), which applications are to be made after clearance and delivery of the Existing Land with vacant possession by Zhen Wah to the Bureau within a period which has been mutually negotiated and agreed between Zhen Wah and the Bureau. Accordingly, there is no assurance that further significant delay and impediments to the Land Swap, or to the approval for the relevant applications and execution of the Land Contract will not arise.

Meanwhile, based on the PRC legal advice and to further strive for the best interests of the Group, the Group lodged an application for international arbitration (“**Arbitration**”) with South China International Economic and Trade Arbitration Commission in June 2017 to determine the precise entitlement of the Group regarding rent, income and profit generated from the Existing Land, pursuant to a shareholders’ agreement entered into between the Group and the Chinese joint venture partner on 20 December 1996 in relation to Zhen Wah. In accordance with the arbitral proceedings, the Arbitration after the expiration of the conciliation at the end of July 2018 has been resumed with the arbitral panel having been formed in May 2019. The hearing of the arbitral panel was held in July 2019 pending for arbitral results. Irrespective of the result of the Arbitration, Zhen Wah will be wound up in the process of the Liquidation in due course.

In the year, the Group shared of loss of Zhen Wah in the sum of HK\$10,140,000 (2018: HK\$9,949,000) and incurred professional fees in the amount of HK\$12,819,000 (2018: HK\$11,727,000) for its liquidation and the Arbitration.

## **FINANCIAL REVIEW**

### **Capital Structure**

The financial position of the Group remains sound and liquid. During the year under review, the financing and treasury policies of the Group were managed and controlled at the corporate level and in a prudent manner, to utilize the group funding and to manage the financial risks effectively. At 30 June 2019, the equity attributable to its owners amounted to HK\$2,095,656,000 (2018: HK\$2,148,998,000) with net asset value per share of HK\$9.18 (2018: HK\$9.54). Total unsecured and secured bank borrowings of the Group amounted to about HK\$107,759,000 (2018: HK\$135,520,000), which were in Hong Kong dollars and repayable within one year on floating rate basis. As at 30 June 2019, the gearing ratio of the Group was 5% (2018: 6%) based on the total debt of the Group to its equity attributable to owners of the Company. The exposure to foreign currency fluctuations of RMB against HKD affected the Group in the year resulting in net exchange loss of HK\$5,841,000 (2018: net exchange gain of HK\$4,006,000) and no financial instruments were used for hedging purpose in the year. Meanwhile, the fluctuation of RMB may affect the financial performance and position of the Group, which the Group will continue to assess and minimize the adverse impact.

## **Financial Resources and Liquidity**

In the year under review, there was sufficient cashflow as generated by rental revenue of investment properties in Shanghai and Beijing. As at 30 June 2019, the Group's fixed bank deposits and bank balance and cash stood at HK\$260,514,000 (2018: HK\$257,870,000), denominated primarily in renminbi yuans. With sufficient cashflow, the Group maintained an un-utilised credit facilities of HK\$16,000,000 (2018: HK\$16,000,000) as working capital at floating interest rate as at 30 June 2019. The Group net current assets amounted to HK\$77,356,000 (2018: HK\$193,799,000) with current ratio of 1.32 (2018: 2.30) as at 30 June 2019.

## **Pledge of Assets and Contingent Liabilities**

As at 30 June 2019, the Group pledged its properties with a total carrying value of HK\$918,536,000 (2018: HK\$950,065,000), an assignment of rental and sale proceeds from such properties and a charge over shares in respect of a wholly-owned subsidiary of the Group to financial institutions as security against general banking facilities granted to the Group, and also pledged certain of its bank deposits in the sum of HK\$13,065,000 (2018: HK\$30,521,000) to banks to secure banking facilities and home loans granted to the home buyers of property project of the Group. As at the end of the reporting period, the Group has given guarantees in respect of settlement of home loans provided by banks to the home buyers of a property project in Beijing. As at 30 June 2019, the Group had given guarantees in respect of such home loans of HK\$1,032,000 (2018: HK\$1,859,000). The Directors of the Company consider that the fair values of these financial guarantee contracts at their initial recognition and at the end of the reporting period are insignificant on the basis of the low loan ratio.

## **PROSPECTS**

The continuing tension of trade war between the mainland China and the United States will weigh on the ensuing uncertainties in economic outlook in the mainland China. Nevertheless, it is believed that the mainland Chinese government will continue to implement increasing official effort and supportive measures to bolster market expectation and minimize the impact of an economic slowdown, including adopting accommodative monetary policy and fiscal stimulus plans to underpin economic growth and domestic consumption, as well as to moderate the fluctuation of the RMB exchange rate and to promote local investments in infrastructure and deployment of technology, which will have a positive effect to stimulate leasing demand of office and retail sectors.

In Beijing, slowing economic growth will suppress consumers' spending power and momentum, hindering retailers' leasing demands. However, it is expected that the amalgamation of online and offline will continue to drive evolution of retail demand on the mainland China. With the recent several official policies to stimulate the development of retail market, it is expected that the resilient middle-class consumption will sustain mid-range and mass-market retailers. With more awareness and demand of consumers for consumption experiences, quality and convenience, the Group will endeavor to proactively adjust and transform leasing and seasonal marketing strategies, emphasizing diversified brand portfolio and outlet stores to fit customers' demands with renovation to attract the attention of more consumers, strengthen shopping experience and stimulate consumption, so as to maintain high occupancy rate and constant revenue to the Group.

In Shanghai, it is expected that take-up of office market will remain in fierce competition with net-absorption of office space continuing its decline, resulting from a glut of office projects, slowing economic headwinds in financial and technology sections as well as influx of intermediary service providers such as co-working spaces, all of which will dent office demand and subdue rental rate. In Pudong, as financial hub, there will be leasing demand from local insurance, financial and professional enterprises. But the rental growth will inevitably face downward pressure with decline in occupancy rate amid economic slowdown, considerable volumes of new office supply and unabsorbed vacancies. To maintain high occupancy rate and steady recurring revenue, the Group will continue to adopt competitive and effective rental strategies to induce new tenants and retain the existing tenants.

In Shenzhen, the recent official announcement of construction of Shenzhen Demonstration Pilot Zone is conducive move to the Guangdong-Hong Kong-Macao Greater Bay Area for efficient and convenient flow of talent, capital, technology and information, which will help build Shenzhen into one of the leading cities in the world in terms of economic strength and quality development. Pursuant to the recent premium city planning and development in the area of Tung Kok Tau, Shekou, it will greatly enhance the development value of the land located therein to be swapped. The Group will continue to act proactively for safeguarding the best interests of the Company in relation to Zhen Wah and its assets. It will continue to adopt the best available measures and take expedient action with a view to protecting the Company's interests in the context of the compulsory liquidation of Zhen Wah.

And based on the PRC legal advice received by the Group, assets of Zhen Wah will eventually be sold by way of public auction or disposed of by other applicable means subject to endorsement of the PRC court upon receipt of proposal of the Liquidation Committee in accordance with the PRC laws, and any surplus (after settlement of all relevant liabilities including taxation) will be distributed to the joint venture partners in accordance with their equity contributions. However, the issues involved in liquidation of Zhen Wah are complex and sophisticated, 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.

## **DIVIDENDS**

The Board has resolved to recommend the payment of a final dividend of 4 Hong Kong cents (2018: 4 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 2019. Together with the interim dividend of 3 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 7 Hong Kong cents per share. Subject to approval by the shareholders at the forthcoming annual general meeting of the Company to be held on Friday, 29 November 2019 (“**2019 AGM**”), the warrants for the final dividend are expected to be despatched to those entitled on or about Friday, 3 January 2020.

## **CLOSURE OF REGISTER OF MEMBERS FOR THE 2019 AGM AND FINAL DIVIDEND**

For the purpose of ascertaining the rights of shareholders to attend and vote at the 2019 AGM, the register of members of the Company will be closed from Tuesday, 26 November 2019 to Friday, 29 November 2019 (both days inclusive). In order to be eligible to attend and vote at the 2019 AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 25 November 2019.

For the purpose of determining the entitlement of shareholders to the proposed final dividend of the Company for the year ended 30 June 2019, the register of members of the Company will be closed from Tuesday, 17 December 2019 to Friday, 20 December 2019 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 16 December 2019.

## **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**

Save for deviation of certain code provisions as set out in the Corporate Governance Code ("**Code**") stipulated in Appendix 14 to the Listing Rules as disclosed below, the Company has applied the principles and has complied with the provisions of the Code throughout the year ended 30 June 2019.

As announced on 6 December 2018, Mr. TAN Harry Chua after retirement as executive Director has ceased to be the chairman of the Company ("**Chairman**") and chairman of nomination committee of the Board ("**Nomination Committee**") with effect from the conclusion of the annual general meeting on 6 December 2018 ("**2018 AGM**"). Dr. CHAN Wing Kit, Frank after retirement as executive Director has ceased to be the chief executive officer of the Company ("**Chief Executive Officer**") with effect from the conclusion of the 2018 AGM.

Meanwhile, as announced on 4 March 2019, Dr. TAN Lucio C. has been appointed as the Chairman and Mr. CHIU Siu Hung, Allan has been appointed as the acting CEO both with effect from that date. Thereafter, Mr. CHIU Siu Hung, Allan has been re-designated as the CEO with effect from 10 May 2019 as announced on that date. As a result, the Company has not appointed a Chairman and CEO during the period from conclusion of the 2018 AGM on 6 December 2018 to 3 March 2019 and thereby the provisions of A.2.2 to A.2.9 of the Code could not be fully complied with by the Company.

In addition, as announced on 4 March 2019, Mr. TAN Kenway Hao has been appointed as a member and the chairman of Nomination Committee with effect from that date. As a result, the Company has not appointed a chairman of Nomination Committee during the period from conclusion of the 2018 AGM on 6 December 2018 to 3 March 2019 and thereby the provision of A.5.1 of the Code could not be fully complied with by the Company.

## **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 2019 with the auditor and management. The consolidated financial statements of the Group have been audited by the auditor of the Company, Messrs. Deloitte Touche Tohmatsu, and it has issued an unqualified opinion.

## **SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 June 2019 as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this preliminary announcement.

## **APPRECIATION**

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

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

Hong Kong, 27 September 2019

*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. TAN Lucio Jr. Khao, Mr. TAN Michael Gonzales, Mr. PASCUAL Ramon Sy, Mr. CHUA Joseph Tan and Ms. TAN Vivienne Khao as executive Directors; and Mr. CHONG Kim Chan, Kenneth, Dr. FOK Kam Chu, John, Mr. GO Patrick Lim, Mr. NGU Angel and Mr. MA Chiu Tak, Anthony as independent non-executive Directors.*