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DYNAMIC HOLDINGS LIMITED

達力集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 29)

**INTERIM RESULTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2024**

INTERIM RESULTS

The board of directors (the “**Board**”) of Dynamic Holdings Limited (the “**Company**”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 31 December 2024 together with comparative figures for the corresponding period in 2023. The condensed consolidated financial statements of the Group for the six months ended 31 December 2024 are unaudited and have been reviewed by the audit committee and external auditor, Deloitte Touche Tohmatsu, of the Company.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

		Six months ended 31 December	
		2024	2023
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	33,784	38,307
Direct costs		(11,588)	(13,393)
Gross profit		22,196	24,914
Other income, gains and losses	4	4,503	(24)
Decrease in fair value of investment properties	8	(64,162)	(13,338)
Administrative expenses		(16,006)	(31,679)
Finance costs		(149)	(22)
Share of profit of a joint venture		–	12,635,773
(Loss) profit before taxation		(53,618)	12,615,624
Income tax (charge) credit	5		
– current tax		(1,988)	(2,380)
– deferred tax		13,457	(7,247,310)
		11,469	(7,249,690)
(Loss) profit for the period		(42,149)	5,365,934

		Six months ended 31 December	
		2024	2023
	<i>Note</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Other comprehensive (expense) income:			
<i>Item that will not be reclassified to profit or loss:</i>			
Exchange differences arising on translation to presentation currency		<u>(106,986)</u>	<u>71,638</u>
Total comprehensive (expense) income for the period		<u>(149,135)</u>	<u>5,437,572</u>
(Loss) profit for the period attributable to:			
Owners of the Company		<u>(42,182)</u>	<u>5,365,693</u>
Non-controlling interests		<u>33</u>	<u>241</u>
		<u>(42,149)</u>	<u>5,365,934</u>
Total comprehensive (expense) income attributable to:			
Owners of the Company		<u>(148,591)</u>	<u>5,436,647</u>
Non-controlling interests		<u>(544)</u>	<u>925</u>
		<u>(149,135)</u>	<u>5,437,572</u>
(Loss) earnings per share (Hong Kong cents)			
Basic	7	<u>(17.75)</u>	<u>2,257.30</u>

Condensed Consolidated Statement of Financial Position

		At 31 December 2024 <i>HK\$'000</i> (Unaudited)	At 30 June 2024 <i>HK\$'000</i> (Audited)
Non-current Assets			
Property, plant and equipment		1,177	1,431
Right-of-use assets		4,232	5,409
Investment properties	8	1,748,590	1,838,227
Other asset		990	1,189
		<u>1,754,989</u>	<u>1,846,256</u>
Current Assets			
Properties under development	10	12,613,408	12,797,147
Trade and other receivables and prepayments	11	15,796	15,576
Amount due from a non-controlling shareholder		826	838
Fixed bank deposits		190,914	282,909
Bank balances and cash		232,839	139,429
		<u>13,053,783</u>	<u>13,235,899</u>
Current Liabilities			
Trade and other payables	12	89,493	87,438
Lease liabilities		2,259	2,194
Tax payable		88,415	88,828
		<u>180,167</u>	<u>178,460</u>
Net Current Assets		<u>12,873,616</u>	<u>13,057,439</u>
Total Assets less Current Liabilities		<u>14,628,605</u>	<u>14,903,695</u>

	At 31 December 2024 <i>HK\$'000</i> (Unaudited)	At 30 June 2024 <i>HK\$'000</i> (Audited)
Capital and Reserves		
Share capital	237,704	237,704
Reserves	6,967,221	7,117,001
	<hr/>	<hr/>
Equity attributable to owners of the Company	7,204,925	7,354,705
Non-controlling interests	39,395	39,939
	<hr/>	<hr/>
Total Equity	7,244,320	7,394,644
	<hr/>	<hr/>
Non-current Liabilities		
Deferred tax liabilities	7,375,331	7,496,793
Long-term rental deposits received	6,646	8,805
Lease liabilities	2,308	3,453
	<hr/>	<hr/>
	7,384,285	7,509,051
	<hr/>	<hr/>
	14,628,605	14,903,695
	<hr/>	<hr/>

Notes:

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties, which are measured at their fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 December 2024 are the same as those presented in the Group’s annual financial statements for the year ended 30 June 2024.

Application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 July 2024 for the preparation of the condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Information reported to the Board of directors (the “**Directors**”) 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 development.

The property rental segment includes property leasing operation in the People’s Republic of China (the “**PRC**”). The Group’s investment properties portfolio, which mainly consists of offices, residential and commercial units and carparks, are located in Shanghai and Beijing, the PRC. The property development segment includes the properties under development in Shenzhen, the PRC.

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

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

	Property rental				Property development		Consolidated	
	Beijing		Shanghai		Shenzhen		2024	2023
	2024	2023	2024	2023	2024	2023		
	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000
	Six months ended 31 December (Unaudited)							
SEGMENT REVENUE								
REVENUE								
External sales	<u>14,103</u>	<u>14,874</u>	<u>19,681</u>	<u>23,433</u>	<u>-</u>	<u>-</u>	<u>33,784</u>	<u>38,307</u>
SEGMENT RESULT	<u>(5,517)</u>	<u>5,048</u>	<u>(36,600)</u>	<u>6,309</u>	<u>(788)</u>	<u>(256)</u>	<u>(42,905)</u>	<u>11,101</u>
Unallocated other income, gains and losses							4,534	(402)
Unallocated corporate expenses							(15,098)	(30,826)
Finance costs							(149)	(22)
Share of profit of a joint venture							-	12,635,773
(Loss) profit before taxation							<u>(53,618)</u>	<u>12,615,624</u>

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

No segment of assets and liabilities are presented as no discrete financial information is available.

4. OTHER INCOME, GAINS AND LOSSES

	Six months ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Included in other income, gains and losses are:		
Interest income on bank deposits	4,074	2,490
Exchange gain, net	236	4,097
Reversal of imputed interest income on amount due from a joint venture	–	(7,188)
	<u> </u>	<u> </u>

5. INCOME TAX CHARGE (CREDIT)

	Six months ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
The tax charge (credit) comprises:		
Current tax in the PRC (other than Hong Kong)		
Enterprise Income Tax	1,988	2,380
Deferred tax (credit) charge	(13,457)	7,247,310
	<u> </u>	<u> </u>
	<u>(11,469)</u>	<u>7,249,690</u>

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

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the Group’s PRC subsidiary is 25% for both periods.

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

6. DIVIDENDS

During the current interim period, a final dividend of 0.5 Hong Kong cents per share in respect of the year ended 30 June 2024 (2023: 0.5 Hong Kong cents per share in respect of the year ended 30 June 2023) was declared to the owners of the Company.

Subsequent to the end of the current interim period, the Directors of the Company have determined that an interim dividend of 0.5 Hong Kong cents per share amounting to HK\$1,189,000 in aggregate (2023: HK\$1,189,000) will be paid to the owners of the Company whose names appear in the register of members of the Company on 3 April 2025.

7. (LOSS) EARNINGS PER SHARE

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

	Six months ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(Loss) earnings		
(Loss) earnings for the purposes of basic (loss) earnings per share		
((loss) profit for the period attributable to owners of the Company)	<u>(42,182)</u>	<u>5,365,693</u>
	Six months ended 31 December	
	2024	2023
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	<u>237,703,681</u>	<u>237,703,681</u>

Diluted (loss) earnings per share is not presented for the six months ended 31 December 2024 and 2023 as there was no potential ordinary share outstanding during both periods.

8. INVESTMENT PROPERTIES

	HK\$'000
FAIR VALUE	
At 1 July 2024 (audited)	1,838,227
Addition	323
Exchange realignment	(25,798)
Decrease in fair value of investment properties	<u>(64,162)</u>
At 31 December 2024 (unaudited)	<u>1,748,590</u>

The fair value of the Group's investment properties (including residential, commercial and car park portions and office units) as at 31 December 2024 and 30 June 2024 has been arrived at on the basis of valuations carried out by independent 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 income capitalisation approach by capitalising the rental income of the properties derived from the existing tenancies with due allowance for the reversionary income potential of the properties. The revaluation gave rise to a net loss arising from decrease in fair value of HK\$64,162,000 (six months ended 31 December 2023: HK\$13,338,000) which has been recognised in profit or loss. All the investment properties are situated in the PRC.

During the current interim period, the Group has paid and recognised replacement cost of HK\$323,000 as addition of investment properties (six months ended 31 December 2023: HK\$1,360,000).

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

	At 31 December 2024 <i>HK\$'000</i> (Unaudited)	At 30 June 2024 <i>HK\$'000</i> (Audited)
Cost of investment, unlisted	74,386	74,386
Share of post-acquisition profits and reserves, net of deemed distribution from joint venture	<u>(74,386)</u>	<u>(74,386)</u>
	<u>–</u>	<u>–</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 (the “**JV Partner**”) as to the percentages of equity interest held in Zhen Wah in prior years. Two arbitral proceedings were heard and two arbitral awards were made by China International Economic and Trade Arbitration Commission in 2008 and 2010.

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

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.

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

The distribution of profit arising from relevant income was accounted for under the equity method based on the Group's 49% equity interest in Zhen Wah. The additional share of 31% up to 31 December 2024 which has not been recognised by the Group amounted to HK\$10,368,000 (30 June 2024: HK\$10,368,000), as the Directors consider the result of the arbitration is subject to the agreement of the JV Partner.

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

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

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

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

Particulars of the joint venture as at 31 December 2024 and 30 June 2024 are as follows:

Name of joint venture	Place of establishment	The Group's equity interest	Principal activity
Shenzhen Zhen Wah Harbour Enterprises Ltd.	PRC	49%	Operation ceased (<i>Note</i>)

Note: The operation period of Zhen Wah expired on 16 January 2014. Thereafter, Zhen Wah ceased its operation and in the process of liquidation. On 4 May 2023, the Court has approved and ordered that the liquidation be withdrawn.

10. PROPERTIES UNDER DEVELOPMENT

The properties under development of the Group represent the land use rights for a piece of land (K709-0003) situated near Tung Kok Tau in Shenzhen, the PRC, with a land use right of up to 70 years commencing on 5 June 2008.

11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

Rentals receivable from tenants are payable on presentation of invoices.

The following is an aged analysis of trade receivables of HK\$4,237,000 (30 June 2024: HK\$4,771,000), net of allowance for credit losses of HK\$2,329,000 (30 June 2024: HK\$2,124,000), presented based on invoice date at the end of the reporting period:

	At 31 December 2024 <i>HK\$'000</i> (Unaudited)	At 30 June 2024 <i>HK\$'000</i> (Audited)
0–30 days	1,682	2,244
31–60 days	136	361
61–90 days	90	42
	<u>1,908</u>	<u>2,647</u>

As at 31 December 2024, included in the Group's trade receivable balances are debtors with a carrying amount of HK\$552,000 (30 June 2024: HK\$1,122,000) which are past due at the end of the reporting period for which the Group has not provided for credit loss as the management considers that the loss allowance on trade receivables are insignificant to the Group. The Group does not hold any collateral over these balances.

12. TRADE AND OTHER PAYABLES

At 31 December 2024, the balance of trade and other payables included trade payables of HK\$2,350,000 (30 June 2024: HK\$1,114,000) and provision of compensation payable related to the relocation of an ex-tenant amounted to HK\$51,690,000 (30 June 2024: HK\$51,834,000). The following is an aged analysis of trade payables based on the invoice date at the end of the reporting period:

	At 31 December 2024 <i>HK\$'000</i> (Unaudited)	At 30 June 2024 <i>HK\$'000</i> (Audited)
0–60 days	1,671	755
61–90 days	251	93
Over 90 days	428	266
	<u>2,350</u>	<u>1,114</u>

RESULTS REVIEW

For the six months ended 31 December 2024 (the “**period**”), the Group reported total revenue of HK\$33,784,000 (2023: HK\$38,307,000) and gross profit of HK\$22,196,000 (2023: HK\$24,914,000), reflecting decrease of revenue and gross profit about 12% and 11% respectively, as compared with those of the previous corresponding period (the “**last period**”), whereas the gross profit margin slightly improved to about 66% (2023: 65%). These results were primarily due to a decrease in rental income from the Group’s investment properties in mainland China, that was denominated in Renminbi yuan (“**RMB**”).

During the period, the Group accounted for other income and gains amounting to HK\$4,503,000 (2023: loss of HK\$24,000), mainly from bank interest income of HK\$4,074,000 (2023: HK\$2,490,000) and net exchange gain of HK\$236,000 (2023: HK\$4,097,000). The reversal of imputed interest income was nil (2023: HK\$7,188,000 on the amount due from a joint venture of the Group (the “**JV**”) in the mainland China).

Furthermore, the Group recorded a significant decrease in the fair value of investment properties, amounting to HK\$64,162,000 (2023: HK\$13,338,000) under subdued market sentiment. Administrative expenses were reduced to HK\$16,006,000 (2023: HK\$31,679,000).

The Group did not record any profit of the JV in the period, compared to a profit of HK\$12,635,773,000 in the last period, which arose primarily from the initial recognition of a one-off fair value gain on a piece of land distributed to the Group by the JV.

Taking all factors into account, including the decrease in fair value of investment properties and related effect of deferred taxation, the Group recorded a loss for the period attributable to shareholders of the Company of HK\$42,182,000 (2023: profit of HK\$5,365,693,000), translating to a basic loss per share of HK\$0.1775 (2023: earnings per share of HK\$22.57). The significant difference in earnings per share between the two periods is mainly due to the above-mentioned one-off fair value gain on a piece of land distributed to the Group by the JV and related tax effect in the last period, and if excluding the effects of such one-off fair value gain and related tax effect in the last period, the Group recorded an underlying basic loss per share of HK\$0.0592 in the last period.

Additionally, due to exchange difference on translation to presentation currency in HKD from functional currency in RMB, which devalued against Hong Kong dollar (“**HKD**”) by about 1.46% (2023: appreciated by 1.71%), other comprehensive expense amounted to HK\$106,986,000 (2023: other comprehensive income of HK\$71,638,000), resulting in total comprehensive expense attributable to shareholders of the Company of HK\$148,591,000 (2023: total comprehensive income of HK\$5,436,647,000).

BUSINESS REVIEW

In the period, the Group's overall revenue was derived from its property rental segment, primarily from its investment properties in mainland China and was denominated in RMB, whereas segment results of the Group were derived from segments of property rental from its investment properties and property development in mainland China. The performance of the Group's rental segment was adversely affected by the decrease in rental income and the fair value of investment properties owing to ongoing depressed market sentiment of the property sector.

The Group's rental income from its investment properties in Shanghai and Beijing totaled RMB30,933,000 (2023: RMB34,995,000), showing a drop of 12% income as compared with that of the last period. This revenue, reported as HK\$33,784,000 (2023: HK\$38,307,000) in the financial statements, constituted all (2023: all) consolidated revenue of the Group. The fair value of the Group's investment properties, which included (1) shopping malls, car parks and other certain properties in Beijing; and (2) office units in Shanghai, decreased by RMB58,748,000 (equivalent to HK\$64,162,000) (2023: RMB12,185,000 (equivalent to HK\$13,338,000)). Consequently, the property rental segment recorded a loss of RMB38,563,000 (equivalent to HK\$42,117,000) (2023: profit of RMB10,375,000 (equivalent to HK\$11,357,000)).

Excluding the effects of the fair value change of these investment properties and related tax effect, the underlying segment results recorded a profit of RMB20,185,000 (equivalent to HK\$22,045,000) (2023: RMB22,560,000 (equivalent to HK\$24,695,000)).

Beijing

In Beijing, the rental income from the well-established community mall of the Group in Chaoyang District dropped, with an increase of average occupancy rate to about 87% (2023: about 85%). The rental income was RMB12,913,000 (2023: RMB13,588,000), representing a decline of about 5%, as compared with that of the last period. This translated into HK\$14,103,000 (2023: HK\$14,874,000), accounting for 42% (2023: 39%) of the total revenue of the Group. The decrease of rental income was attributed to weak consumption and retailing sentiment. The fair value of these investment properties decreased by RMB11,734,000 (equivalent to HK\$12,815,000) (2023: RMB2,283,000 (equivalent to HK\$2,499,000)), resulting in a segment loss of RMB5,051,000 (equivalent to HK\$5,517,000) (2023: a profit of RMB4,611,000 (equivalent to HK\$5,048,000)).

Excluding the effects of the fair value change of these investment properties and related tax effect, the underlying segment results showed a profit of RMB6,682,000 (equivalent to HK\$7,298,000) (2023: RMB6,894,000 (equivalent to HK\$7,547,000)).

Shanghai

In Shanghai, the average occupancy rate of quality offices known as “Eton Place” located in core financial district of Little Lujiazui in Pudong dropped to about 71% (2023: 86%), with rental income of RMB18,020,000 (2023: RMB21,407,000), representing a decrease of about 16%, as compared with that of the last period. This translated into HK\$19,681,000 (2023: HK\$23,433,000), accounting for 58% (2023: 61%) of the total revenue of the Group. The decline was due to tenant defaults and influx of new office supply in sluggish economy and demand. The fair value of these investment properties decreased by RMB47,014,000 (equivalent to HK\$51,347,000) (2023: RMB9,902,000 (equivalent to HK\$10,839,000)), resulting in a segment loss of RMB33,512,000 (equivalent to HK\$36,600,000) (2023: a profit of RMB5,763,000 (equivalent to HK\$6,309,000)).

Excluding the effects of the fair value change of these investment properties and related tax effect, the underlying segment results recorded a profit of RMB13,502,000 (equivalent to HK\$14,747,000) (2023: RMB15,665,000 (equivalent to HK\$17,148,000)).

Shenzhen

The Group is currently developing a plot of land no. K709-0003 located in Tung Kok Tau, Nanshan District, Shenzhen (the “**Land**”), which was granted to the Group by 深圳市規劃和自然資源局南山管理局 (Nanshan Administration of Shenzhen Municipal Bureau of Planning and Natural Resources) (the “**Bureau**”) in the last period.

The Land is primely located to the east of 後海大道 (Hou Hai Avenue), to the south of 蛇口新街 (Shekou New Street), to the north of 望海路 (Wang Hai Road) and to the west of 後海濱路 (Hou Hai Bin Road), which has a site area of approximately 65,000 square metres for multi-purpose development, with developable gross floor area of approximately 179,000 square metres (including 143,000 square metres for residential use and 29,000 square metres for commercial use and other supporting ancillary facilities).

The Group began development of the Land and had been working closely with various relevant government authorities and parties on different development options and master planning of the Land with the city planning and infrastructure (including development of metro line and station) for cultural and leisure facilities in the region and the opera house nearby.

As for the JV known as Shenzhen Zhen Wah Harbour Enterprises Ltd. (“**Zhen Wah**”, in which the Company holds 49% of equity interests with the expiry of its license period in 2014), the Group and the JV partner (the “**JV Partner**”) continued its liquidation after withdrawal of compulsory liquidation by the Shenzhen Intermediate People’s Court of Guangdong Province (the “**Court**”) and the land swap that surrendered its interests in a piece of land located in Tung Kok Tau, Nanshan District, Shenzhen (the “**Previous Land**”) to the Bureau in return for, among others, the Land distributed to the Group. After such land swap, in which the primary asset of Zhen Wah was exchanged, Zhen Wah no longer possesses a significant asset.

The share of profit of the JV was nil (2023: RMB11,543,284,000 (equivalent to HK\$12,635,773,000), which was primarily arisen from the initial recognition of one-off fair value gain of a piece of land distributed to the Group by the JV).

Meanwhile, as previously disclosed, an ex-tenant lodged appeals (the “**Appeals**”) for the previous judgements of the Court on four administrative proceedings submitted by it as plaintiff against the relevant official authorities (the “**Authorities**”) as defendants regarding the Previous Land and joining Zhen Wah as a third party. The ex-tenant opposed the relocation compensation agreement (the “**Compensation Agreement**”) made between the Authorities and Zhen Wah in 2021 for demolition, relocation and compensation of those buildings, erections and equipment on the Previous Land; and claiming for compensation. In the period, the Court dismissed three out of four Appeals and upheld their original judgments, and for the remaining Appeal, the Court modified the second ruling of its original judgment to order the Authorities to deal with and handle the ex-tenant’s compensation request again, and upheld other parts of the original judgment. The Group and the JV Partner is monitoring the progress and will take appropriate actions as and when necessary, based on the advice of its PRC legal adviser.

Based on the PRC legal advice received by the Group regarding historical disputes over Zhen Wah between the Group and JV Partner, including the change of equity interests from 80% to 49% in Zhen Wah in prior years (the “**Historical Disputes**”), the Group was entitled to the distribution of profit arising from the relevant income from the Previous Land held by Zhen Wah before re-development, as supported in the arbitral award made in 2010 after arbitration between the Group and JV Partner in respect of the Historical Disputes. The Group continued to act and to seek PRC legal advice and to take expedient actions (including but not limited to litigation and/or arbitration) to safeguard the best interest of the Group in Zhen Wah and its assets in respect of the Historical Disputes.

FINANCIAL REVIEW

Capital Structure

The financial position of the Group remains sound and liquid, and its financing and treasury policies are managed and controlled at the corporate level and in a prudent manner during the period. The main objective is to utilise the Group's funds efficiently and to manage the financial risks effectively. At 31 December 2024, the equity attributable to owners of the Company amounted to RMB6,672,049,000 (30 June 2024: RMB6,712,492,000) with net asset value per share of RMB28.07 (30 June 2024: RMB28.24), translating into HK\$7,204,925,000 (30 June 2024: HK\$7,354,705,000). As at 31 December 2024, the Group's total bank borrowings remained nil (30 June 2024: nil), resulting in nil (30 June 2024: nil) gearing ratio of the Group. The exposure to foreign currency fluctuations affected the Group in the period was mainly the fluctuation of RMB against HKD, resulting in the net exchange gain of HK\$236,000 (six months ended 31 December 2023: HK\$4,097,000) and exchange difference on translation from functional currency in RMB to presentation currency in HKD, amounting to other comprehensive expenses of HK\$106,986,000 (six months ended 31 December 2023: other comprehensive income of HK\$71,638,000). No financial instruments were used for hedging purpose in the period. The Group will continue to closely monitor the impact of fluctuation of RMB in order to minimise its adverse impact.

Financial Resources and Liquidity

The Group generated sufficient cashflow from rental income of investment properties and interest income. As at 31 December 2024, the bank balance and cash and fixed bank deposits of the Group stood at HK\$423,753,000 (30 June 2024: HK\$422,338,000) in aggregate and denominated mostly in RMB. With sufficient cashflow, the Group maintained un-utilised credit facilities of HK\$1,000,000 (30 June 2024: HK\$1,000,000) as working capital at floating interest rate. As at 31 December 2024, the Group's net current assets amounted to HK\$12,873,616,000 (30 June 2024: HK\$13,057,439,000) with current ratio of 72.45 (30 June 2024: 74.17). The Group had a total capital commitment of approximately RMB6,747,000 as at 31 December 2024. Meanwhile, the projected construction and development costs of the properties under development of the Land will be substantial (subject to the development plan and the positive results of the arbitration and/or litigation in respect of the Historical Disputes if any), which will be funded by internal resources, bank financing and such other applicable means as appropriate.

Pledge of Assets and Contingent Liabilities

As at 31 December 2024, the Group had not pledged any assets as there was nil (30 June 2024: nil) borrowings.

PROSPECTS

Looking ahead, China economy shows sign of recovery, despite the challenges such as prolonged property downturn, weak domestic consumption and business confidence, geopolitics and imposition of tariffs. It is believed that a series of ongoing stimulus policies as well as fiscal and monetary easing measures will stabilise the property sector and revitalise the consumption, sustaining high-quality steady economic growth in China. These will boost market sentiment for domestic demand and consumption as well as business activities to bolster leasing activities of retail and office sectors.

In Beijing, the retail market is anticipated to stabilise, due to upgrades in consumption scenarios and supportive policies to accelerate consumers' spending. To maintain occupancy rate and recurring revenue, the Group will endeavor to improve leasing and marketing strategies, enhance brand portfolios and optimise the leasing services to deliver diverse and convenient quality shopping experiences for local residents' needs, alongside competitive and effective rental strategies to attract new retailers/tenants and retain existing retailers/tenants.

In Shanghai, the rental rate and occupancy levels of office market still faces pressure from the continuing new influx of office spaces combined with weak demand and sluggish economy. The Group will continue to implement its competitive and effective rental strategies with fitting-out subsidies, value-added services and increase more flexible leasing terms, to attract new tenants and retain existing tenants so as to maintain occupancy rate and recurring revenues.

The metropolis Shenzhen, being the Shenzhen Demonstration Pilot Zone and high-tech hub, is expected to sustain diverse growth with high-quality development, fueled by recent positive policy and expansion of transportation network, bustling economic vitality and positioning as an international trade, innovation and consumption center and highly livable city. It will strengthen its core and pivotal role in the development of Guangdong-Hong Kong-Macao Greater Bay Area.

In addition, the recovery momentum of property market in Shenzhen is expected to grow, as signaled by record high price of land auction, and driven by a surge in sales recently, reflecting improved confidence to property market after unveiling a series of official supportive policies to combat prolonged property slowdown. This will enhance the development value of the Land in Tung Kok Tau, Nanshan District, Shenzhen.

And the Group will continue to utilise the city and master planning of the Land with the projects of adjacent opera house and infrastructure for a synergy effect. Meanwhile, it is expected that there will be substantial construction and development costs to be incurred by the Group in connection with the development of the Land in the future. In addition, the Group will continue to seek PRC legal advice and to further strive for the best interest of the Group in relation to Zhen Wah and its assets in respect of Historical Disputes.

INTERIM DIVIDEND

The Directors have declared an interim dividend of 0.5 Hong Kong cents (six months ended 31 December 2023: 0.5 Hong Kong cents) per share for the six months ended 31 December 2024 to the shareholders of the Company whose names appear on the register of members on Thursday, 3 April 2025. The warrants for the interim dividend are expected to be despatched to those entitled on or about Friday, 25 April 2025.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 31 March 2025 to Thursday, 3 April 2025 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 28 March 2025.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

Throughout the six months ended 31 December 2024, the Company has applied the principles and has complied with the code provisions as set out in the Corporate Governance Code stipulated in Appendix C1 to the Listing Rules.

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

Hong Kong, 28 February 2025

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