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DYNAMIC HOLDINGS LIMITED

達力集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 029)

**CONTINUING CONNECTED TRANSACTIONS
PROPERTY MANAGEMENT SERVICES IN RELATION TO ETON PLACE**

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the Announcement and the Circular. Pursuant to the Deed of Mutual Covenant in respect of Eton Place of which the Property forms part, the Property Management Company (being a member of the Eton Group) acts as the property manager to manage Eton Place (including the Property). Pursuant to the terms of the relevant property management contract (as amended, supplemented or replaced from time to time), the appointment of Property Management Company to act as property manager to manage Eton Place (including the Property) is for a term of three years commencing from 1 October 2008 to 30 September 2011. Property Management Fees are payable by MOIL, a member of the Group, to the Property Management Company in respect of the Property as property manager on the same terms binding on other owners of other parts of Eton Place calculated in accordance with the terms of the Deed of Mutual Covenant.

The Board announces that the term for appointment of Property Management Company to act as property manager to manage Eton Place (including the Property) has been proposed to be extended for a term of three years from 1 October 2011 to 30 September 2014.

Transactions contemplated under the Deed of Mutual Covenant between Eton Group and the Group constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. On 10 October 2008, the Company obtained the Shareholders' approval in a special general meeting in respect of the MOIL Continuing Connected Transactions and their respective caps for the three financial years ending 30 June 2011. In addition, the annual cap in respect of the MOIL Continuing Connected Transactions for the financial year ending 30 June 2011 will be expiring.

GENERAL

As each of the applicable percentage ratios in respect of the Cap of the MOIL Continuing Connected Transactions for each of the next three financial years ending 30 June 2014 is more than 0.1% and less than 5% for the Company, the MOIL Continuing Connected Transactions will be subject to the reporting and announcement requirements and is exempt from the requirements of independent Shareholders' approval under Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the Announcement and the Circular. Pursuant to the Deed of Mutual Covenant in respect of Eton Place of which the Property forms part, the Property Management Company (being a member of the Eton Group) acts as the property manager to manage Eton Place (including the Property). Pursuant to the terms of the relevant property management contract (as amended, supplemented or replaced from time to time), the appointment of Property Management Company to act as property manager to manage Eton Place (including the Property) is for a term of three years commencing from 1 October 2008 to 30 September 2011. Property Management Fees are payable by MOIL, a member of the Group, to the Property Management Company in respect of the Property as property manager on the same terms binding on other owners of other parts of Eton Place calculated in accordance with the terms of the Deed of Mutual Covenant.

The Board announces that the term for appointment of Property Management Company to act as property manager to manage Eton Place (including the Property) has been proposed to be extended for a term of three years from 1 October 2011 to 30 September 2014.

Transactions contemplated under the Deed of Mutual Covenant between Eton Group and the Group constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. On 10 October 2008, the Company obtained the Shareholders' approval in a special general meeting in respect of the MOIL Continuing Connected Transactions and their respective caps for the three financial years ending 30 June 2011. The term of the relevant property management contract (as amended, supplemented or replaced from time to time) is for a term of three years commencing from 1 October 2008 to 30 September 2011. And the annual cap for the MOIL Continuing Connected Transactions for each of the three financial years ending 30 June 2011 as approved at the special general meeting of the Company held on 10 October 2008 is RMB12 million (equivalent to approximately HK\$14 million). In addition, the annual cap in respect of the MOIL Continuing Connected Transactions for the financial year ending 30 June 2011 will be expiring.

CONTINUING CONNECTED TRANSACTIONS

Property management service relating to Eton Place

Pursuant to the Deed of Mutual Covenant in respect of Eton Place of which the Property forms part, the Property Management Company (being a member of the Eton Group) acts as the property manager to manage Eton Place (including the Property). The principal business activity of the Property Management Company is the provision of property management services and currently the Property Management Company has not carried on any business other than in connection with the provision of such services to Eton Place.

As announced in the Announcement and the Circular, Property Management Fees are payable by MOIL (being a member of the Group) to the Property Management Company (being a member of the Eton Group) as property manager on the same terms as other owners of other parts of Eton Place calculated in accordance with the terms of the Deed of Mutual Covenant.

However, in the event that the whole or any part of the Property is leased out to tenants, such tenants are expected to be responsible to pay for the Property Management Fees for the relevant part of the Property being leased out to such tenants pursuant to the lease agreements entered into between MOIL and such tenants and make direct payment to the Property Management Company. As such, MOIL will only be expected to pay Property Management Fees where in respect of any part of the Property which during any period has not been leased out to tenants. Notwithstanding the above, MOIL, as with the other owners of Eton Place, would also be liable for the Property Management Fees to be payable to the Property Management Company pursuant to the Deed of Mutual Covenant, in the event that any of the tenants have failed to comply with its obligations under the relevant lease agreements.

Currently, Property Management Fees of RMB28 (equivalent to approximately HK\$34) per square metre per month is payable in cash monthly in arrears by MOIL to the Property Management Company. After taking into consideration the expected rate of increase of management fees for the next three financial years, it is currently expected that the total maximum amount of Property Management Fees payable by MOIL on an annual basis for each of the next three financial years will not exceed RMB4 million (equivalent to approximately HK\$4.8 million). As such, the annual aggregate amount of Property Management Fees for each of the financial years ending 30 June 2012, 2013 and 2014 shall be subject to an annual cap amount of RMB4 million (equivalent to approximately HK\$4.8 million).

Basis of determination of the Cap

The Cap for the MOIL Continuing Connected Transactions for each of the next three financial years ending 30 June 2014 is determined based on (i) the current amount of the Property Management Fees of RMB28 (equivalent to approximately HK\$34) per square metre per month; (ii) the expected rate of increase of management fees for the next three financial years having regard to the inflation rate for the past year; (iii) the occupancy rate of the Property by reference to historical occupancy rates of the Property; and (iv) the maximum amount of Property Management Fees on an annual basis of RMB12 million (equivalent to approximately HK\$14 million) (by reference to RMB28 per square metre, equivalent to HK\$34 per square metre) payable if the whole of the Property is vacant during such period. It should be noted that the Property Management Fees are calculated on the same basis as property management fees payable by owners of other parts of Eton Place pursuant to the Deed of Mutual Covenant. The Deed of Mutual Covenant is on normal commercial terms which are applicable to all owner(s) of Eton Place.

The Board (including the independent non-executive Directors) considers that the MOIL Continuing Connected Transactions including the Cap are fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Listing Rules implications

Mr. CHUA, the chairman and an executive Director, is entitled to exercise or control the exercise of 30% of more of the voting power at any general meeting of Eton Properties. As such, transactions contemplated under the Deed of Mutual Covenant between Eton Group and the Group constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As each of the applicable percentage ratios in respect of the Cap of the MOIL Continuing Connected Transactions for each of the next three financial years ending 30 June 2014 is more than 0.1% and less than 5% for the Company, the MOIL Continuing Connected Transactions will be subject to reporting and announcement requirements and is exempt from the requirements of independent Shareholders' approval under Chapter 14A of the Listing Rules.

The Company will further comply with the requirements for annual review in respect of the MOIL Continuing Connected Transactions under Rules 14A.37 to 14A.40 of the Listing Rules. In the event that the MOIL Continuing Connected Transactions continue for a term that exceeds a period of three financial years, the Company will comply with the relevant requirements under the Listing Rules where applicable.

GENERAL

MOIL is an indirect wholly-owned subsidiary of the Company. The Group is principally engaged in property investment and development.

Property Management Company is principally engaged in property management. It is a wholly foreign owned enterprise established in the PRC and its entire equity interests are indirectly wholly owned by Eton Properties, which is controlled by Mr. CHUA.

The Developer is principally engaged in property investment and development. It is a wholly foreign owned enterprise established in the PRC and its entire equity interests are indirectly wholly owned by Eton Properties, which is controlled by Mr. CHUA.

Each of the Property Management Company and the Developer is an indirect wholly-owned subsidiary of Eton Properties, which in turn is controlled by Mr. CHUA. As such, Mr. CHUA has a material interest in the transactions contemplated under the Deed of Mutual Covenant and Mr. CHUA abstained from voting on the relevant resolutions of the Board approving the MOIL Continuing Connected Transaction and the Cap.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms have the meanings set out below:

“Announcement”	the announcement of the Company dated 10 September 2008
“Board”	board of the Directors

“Cap”	the maximum amount of the Property Management Fees payable by MOIL to the Property Management Company pursuant to the Deed of Mutual Covenant for each of the three financial years ending 30 June 2014, being RMB4 million (equivalent to approximately HK\$4.8 million)
“Circular”	the circular of the Company dated 24 September 2008
“Company”	Dynamic Holdings Limited (stock code: 029), a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange
“Deed of Mutual Covenant”	a deed of mutual covenant relating to the management of Eton Place binding upon MOIL and other owners of Eton Place with the Developer, as it may be amended, supplemented or replaced from time to time, including any property management agreements concluded pursuant to the terms thereof
“Developer”	上海齊茂房地產開發有限公司 (Shanghai Supreme Trade Property Development Co., Ltd.*), the developer of Eton Place and a wholly foreign owned enterprise established in Shanghai, the PRC, the entire equity interests of which are indirectly wholly owned by Eton Properties
“Directors”	directors of the Company
“Eton Group”	Eton Properties and its subsidiaries
“Eton Place”	裕景國際商務廣場 (Eton Place*), No. 69 Dongfang Road, Pudong New Area, Shanghai, the PRC
“Eton Properties”	Eton Properties Group Limited, a company incorporated in the British Virgin Islands which is controlled by Mr. CHUA
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOIL”	Move On International Limited (智啟國際有限公司), the legal owner of the Property and a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company

“MOIL Continuing Connected Transactions”	transactions contemplated under the Deed of Mutual Covenant
“Mr. CHUA”	Mr. CHUA Domingo, the chairman, executive Director and substantial shareholder of the Company
“percentage ratios”	shall have the meaning as ascribed to it in the Listing Rules
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Property”	182 office units located at 7th Floor to 22nd Floor (without 13th and 14th Floors) of the West Tower of Eton Place, with a total gross floor area of approximately 30,188 square metres
“Property Management Company”	伊頓物業管理（上海）有限公司（Eton Property Management (Shanghai) Company Limited*), a wholly foreign owned enterprise established in the PRC and an indirect wholly-owned subsidiary of Eton Properties
“Property Management Fees”	the management fees payable by MOIL to the Property Management Company as property manager of Eton Place calculated in accordance with the terms of the Deed of Mutual Covenant and related documents
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$1.00 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	shall have the meaning ascribed to it in the Listing Rules
“%” or “per cent”	percentage

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

Hong Kong, 27 June 2011

As at the date of this announcement, the Board comprises Mr. CHUA Domingo, Dr. CHAN Wing Kit, Frank, Mr. TAN Harry Chua, Mr. TAN Lucio Jr. Khao, Mr. CHEUNG Chi Ming, Mr. PASCUAL Ramon Sy, Mr. CHIU Siu Hung, Allan and Mr. WONG Sai Tat as Executive Directors; and Mr. CHONG Kim Chan, Kenneth, Mr. SY Robin and Mr. FOK Kam Chu, John as Independent Non-executive Directors.

For the purpose of this announcement, conversion of Renminbi into Hong Kong dollar is calculated at the exchange rate of RMB0.831 to HK\$1.00. Such conversion has been included for the purpose of illustration only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this or any other rate.

** For identification purpose only*