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DYNAMIC HOLDINGS LIMITED

達力集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 029)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 30 JUNE 2010

RESULTS

The Board of Directors (the “**Directors**”) of Dynamic Holdings Limited (the “**Company**”) is pleased to announce that the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 30 June 2010 together with comparative figures for the previous year are as follows:

Consolidated Statement of Comprehensive Income

	Notes	Year ended 30 June	
		2010 HK\$'000	2009 HK\$'000
Turnover	3	126,437	86,722
Cost of sales		<u>(31,623)</u>	<u>(13,473)</u>
Gross profit		94,814	73,249
Other income	4	22,763	30,748
Increase (decrease) in fair value of investment properties		1,706	(81,192)
Administrative expenses		<u>(56,144)</u>	<u>(55,430)</u>
Finance costs	6	<u>(2,316)</u>	<u>(6,865)</u>
Share of loss of a jointly controlled entity		<u>(7,230)</u>	<u>(4,339)</u>
Profit (loss) before taxation		53,593	(43,829)
Taxation	7	<u>(16,079)</u>	<u>(21,024)</u>
Profit (loss) for the year		<u>37,514</u>	<u>(64,853)</u>
Other comprehensive income (expense)			
Exchange difference on translation to presentation currency		<u>16,171</u>	<u>(4,238)</u>
Total comprehensive income (expense) for the year		<u>53,685</u>	<u>(69,091)</u>

		Year ended 30 June	
		2010	2009
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
Profit (loss) for the year attributable to:			
Owners of the Company		36,521	(62,467)
Non-controlling interest		993	(2,386)
		<u>37,514</u>	<u>(64,853)</u>
Total comprehensive income (expense) attributable to:			
Owners of the Company		52,393	(66,625)
Non-controlling interest		1,292	(2,466)
		<u>53,685</u>	<u>(69,091)</u>
Basic earnings (loss) per share (<i>Hong Kong cents</i>)	9	<u>16.7</u>	<u>(28.5)</u>

Consolidated Statement of Financial Position

		At 30 June	
		2010	2009
	Notes	HK\$'000	HK\$'000
Non-current Assets			
Property, plant and equipment		2,911	3,568
Investment properties	10	1,535,437	1,517,816
Interest in a jointly controlled entity		55,457	49,335
Amount due from a jointly controlled entity		217,826	215,572
Other receivables		744	8,352
		<u>1,812,375</u>	<u>1,794,643</u>
Current Assets			
Properties held for sale		40,402	67,836
Loan receivables		–	–
Trade and other receivables	11	17,297	32,076
Amounts due from a non-controlling shareholder		877	868
Bank deposits – pledged		21,239	12,303
Bank balances and cash		126,976	144,445
		<u>206,791</u>	<u>257,528</u>
Current Liabilities			
Trade and other payables	12	53,080	55,402
Pre-sale deposits received		946	6,478
Amount due to a related company		–	9,918
Tax payable		81,576	103,544
Bank loans – due within one year		221,000	50,000
		<u>356,602</u>	<u>225,342</u>
Net Current (Liabilities) Assets		<u>(149,811)</u>	<u>32,186</u>
Total Assets less Current Liabilities		<u>1,662,564</u>	<u>1,826,829</u>
Capital and Reserves			
Share capital		219,104	219,104
Reserves		1,255,209	1,211,580
Equity attributable to owners of the Company		<u>1,474,313</u>	<u>1,430,684</u>
Non-controlling interest		<u>29,082</u>	<u>27,790</u>
Total Equity		<u>1,503,395</u>	<u>1,458,474</u>
Non-current Liabilities			
Bank loans – due after one year		64,500	275,500
Deferred tax liabilities		94,669	92,855
		<u>159,169</u>	<u>368,355</u>
		<u>1,662,564</u>	<u>1,826,829</u>

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared under the historical cost basis except for investment properties and derivatives, which are measured at fair value.

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

The figures in respect of the Group’s consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 30 June 2010 as set out in this preliminary announcement have been agreed by the Group’s auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this preliminary announcement.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the following new and revised standards, amendments to Hong Kong Accounting Standards (“HKAS”) and interpretations (“HK(IFRIC)-Int”) (new and revised “HKFRSs”) issued by the HKICPA which are effective for the Group’s financial year beginning 1 July 2009.

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 3 (Revised)	Business Combinations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners
HK(IFRIC)-Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to HKFRS 2, HKAS 38, paragraph 80 to HKAS 39, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

New and revised HKFRSs affecting presentation and disclosure only

HKAS 1 (Revised) “Presentation of Financial Statements”

HKAS 1 (Revised) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

HKFRS 8 “Operating Segments”

HKFRS 8 is a disclosure standard that has resulted in a redesignation of the Group’s reportable segments and changes in the basis of measurement of segment profit or loss, segment assets and segment liabilities (note 3).

Improving Disclosures about Financial Instruments (Amendments to HKFRS 7 “Financial Instruments: Disclosures”)

The amendments expand and amend the disclosures required in relation to liquidity risk.

New and revised HKFRSs not affecting the reported results and/or financial position

HKFRS 3 (Revised) “Business Combination” and HKAS 27 (Revised) “Consolidated and Separate Financial Statements”

The Group applies HKFRS 3 (Revised) Business Combinations prospectively to business combinations for which the acquisition date is on or after 1 July 2009. The requirements in HKAS 27 (Revised) Consolidated and Separate Financial Statements in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 July 2009.

As there was no transaction during the current period in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendments to HKAS 1, HKAS 7, HKAS 17, HKAS 36, HKAS 39, HKFRS 5 and HKFRS 8 as part of Improvements to HKFRSs 2009 ¹
HKFRSs (Amendments)	Improvements to HKFRSs 2010 ²
HKAS 24 (Revised)	Related Party Disclosures ³
HKAS 32 (Amendment)	Classification of Rights Issues ⁴
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters ¹
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters ⁶
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions ¹
HKFRS 9	Financial Instruments ⁵
HK(IFRIC)–Int 14 (Amendment)	Prepayments of a Minimum Funding Requirements ³
HK(IFRIC)–Int 19	Extinguishing Financial Liabilities with Equity Instruments ⁶

¹ Effective for annual periods beginning on or after 1 January 2010

² Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate

³ Effective for annual periods beginning on or after 1 January 2011

⁴ Effective for annual periods beginning on or after 1 February 2010

⁵ Effective for annual periods beginning on or after 1 January 2013

⁶ Effective for annual periods beginning on or after 1 July 2010

The Directors of the Company anticipate the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

3. TURNOVER AND SEGMENT INFORMATION

The Group has adopted HKFRS 8 “Operating Segments” with effect from 1 July 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (i.e. the Board of Directors (the “**Board**”)) for the purpose of assessing their performance and allocating resources to segments. In contrast, the predecessor standard, HKAS 14 “Segment Reporting”, required an entity to identify two sets of segments (business and geographical), using a risks and returns approach. In the past, the Group’s primary reporting format was business segments. The application of HKFRS 8 has resulted in a redesignation of the Group’s operating segments as compared with the primary segments determined in accordance with HKAS 14.

In prior years, segment information reported externally was analysed on the basis of the types of properties sold and service provided by the Group’s operating division (i.e. Property rental and sales). However, information reported to the Board is more specifically focused on the location of the properties for both property rental and sales activities. The Group’s operating and reportable segments under HKFRS 8 are therefore the property rental in Beijing, property rental in Shanghai and property sales in Beijing.

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 Beijing and Shanghai. The properties sales segment includes sale of the Group’s trading properties in Beijing.

Information regarding the Group’s operating segments is reported below. Amounts reported for the prior year have been restated to conform to the requirements of HKFRS 8.

(a) Segment revenues and results

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

	Property rental				Property sales		Consolidated	
	Beijing		Shanghai		Beijing		2010	2009
	2010	2009	2010	2009	2010	2009		
HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	
TURNOVER								
External sales	24,275	25,080	48,173	51,306	53,989	10,336	126,437	86,722
SEGMENT RESULT	24,809	(18,434)	30,397	3,906	24,817	456	80,023	(14,072)
Unallocated other income							16,786	13,986
Unallocated corporate expenses							(33,670)	(32,539)
Finance costs							(2,316)	(6,865)
Share of loss of a jointly controlled entity							(7,230)	(4,339)
Profit (loss) before taxation							53,593	(43,829)

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

(b) Segment assets and liabilities

	Property rental				Property sales		Consolidated	
	Beijing		Shanghai		Beijing		2010	2009
	2010	2009	2010	2009	2010	2009		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
ASSETS								
Segment assets	546,348	529,150	1,000,623	1,010,650	49,897	88,193	1,596,868	1,627,993
Interest in a jointly controlled entity							55,457	49,335
Amount due from a jointly controlled entity							217,826	215,572
Unallocated corporate assets							149,015	159,271
Consolidated total assets							<u>2,019,166</u>	<u>2,052,171</u>
LIABILITIES								
Segment liabilities	5,513	4,997	22,709	25,176	16,702	22,464	44,924	52,637
Unallocated corporate liabilities							470,847	541,060
Consolidated total liabilities							<u>515,771</u>	<u>593,697</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 jointly controlled entity, amount due from a jointly controlled entity, 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, tax payable, bank loans, deferred tax liabilities and other corporate liabilities.

(c) Other segment information

	Property rental				Property sales		Segment Total	
	Beijing		Shanghai		Beijing		2010	2009
	2010	2009	2010	2009	2010	2009		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Amounts included in the measure of segment profit (loss) or segment assets and liabilities								
Capital expenditures	-	-	-	-	81	131	81	131
Depreciation	-	-	-	-	443	449	443	449
Impairment loss (reversed) recognised in respect of receivables, net	166	1,787	(830)	-	(955)	-	(1,619)	1,787
Increase (decrease) in fair value of investment properties	11,259	(34,634)	(9,553)	(46,558)	-	-	1,706	(81,192)
Loss on disposal of property, plant and equipment	-	-	-	-	-	22	-	22
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22</u>	<u>-</u>	<u>22</u>

(d) Geographical information

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

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

	Carrying amount of non-current assets	
	2010 HK\$'000	2009 HK\$'000
PRC (other than Hong Kong)	<u>1,538,071</u>	<u>1,520,784</u>

The Group's non-current assets above exclude financial instruments and deferred tax assets, if any.

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

4. OTHER INCOME

	Year ended 30 June	
	2010 HK\$'000	2009 HK\$'000
Included in other income are:		
Bank interest income	1,156	1,935
Exchange gain, net	2,831	–
Gain in receivable for vendor's undertakings	1,349	11,409
Imputed interest income on other receivables	1,176	1,498
Imputed interest income on amount due from a jointly controlled entity	<u>12,793</u>	<u>12,051</u>

5. DEPRECIATION AND AMORTISATION

	Year ended 30 June	
	2010 HK\$'000	2009 HK\$'000
Profit (loss) before taxation has been arrived at after charging:		
Depreciation	<u>788</u>	<u>791</u>
Amortisation	<u>–</u>	<u>–</u>

6. FINANCE COSTS

	Year ended 30 June	
	2010 HK\$'000	2009 HK\$'000
Interest on bank borrowings wholly repayable within five years	2,194	6,272
Imputed interest expense on amount due to a related company	<u>122</u>	<u>593</u>
	<u>2,316</u>	<u>6,865</u>

7. TAXATION

	Year ended 30 June	
	2010 HK\$'000	2009 HK\$'000
The tax charge comprises:		
Income tax elsewhere in the PRC		
Current year	9,227	12,839
Overprovision in prior years	–	(1,408)
	<u>9,227</u>	<u>11,431</u>
PRC Land Appreciation Tax (“LAT”)	<u>6,016</u>	<u>22,857</u>
Deferred tax liabilities		
Current year charge (credit)	<u>836</u>	<u>(13,264)</u>
	<u>16,079</u>	<u>21,024</u>

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 subsidiaries is 25% from 1 January 2008 onwards.

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

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

The EIT Law also requires withholding tax upon distribution of profits earned by the PRC entities since 1 January 2008 at 5% to 10%. At the end of the reporting period, deferred taxation of HK\$361,000 (2009: HK\$74,000) has been provided for in the consolidated financial statements in respect of the temporary differences attributable to such profits.

8. DIVIDENDS

	Year ended 30 June	
	2010 HK\$'000	2009 HK\$'000
Final dividend paid in respect of year ended 30 June 2009 of 2 Hong Kong cents (2008: 3 Hong Kong cents) per share	4,382	6,573
Interim dividend paid in respect of year ended 30 June 2010 of 2 Hong Kong cents (2009: 2 Hong Kong cents) per share	<u>4,382</u>	<u>4,382</u>
	<u>8,764</u>	<u>10,955</u>

The final dividend in respect of 2 Hong Kong cents per share totaling HK\$4,382,000 for the year ended 30 June 2010 has been proposed by the Directors and is subject to approval by the shareholders in the annual general meeting.

9. BASIC EARNINGS (LOSS) PER SHARE

The calculation of basic earnings (loss) per share attributable to owners of the Company is based on profit attributable to owners of the Company of HK\$36,521,000 (2009: loss of HK\$62,467,000) for the year and on 219,103,681 (2009: 219,103,681) ordinary shares in issue throughout the year.

10. INVESTMENT PROPERTIES

	<i>HK\$'000</i>
FAIR VALUE	
At 1 July 2008	1,603,217
Exchange realignment	(4,209)
Decrease in fair value	<u>(81,192)</u>
At 30 June 2009	1,517,816
Exchange realignment	15,915
Increase in fair value	<u>1,706</u>
At 30 June 2010	<u>1,535,437</u>

The fair value of the Group's investment properties as at 30 June 2010 and 2009 has been arrived at on the basis of valuations carried out on that date by Savills Valuation and Professional Services Limited, an independent firm of qualified professional valuers not connected with the Group. Savills Valuation and Professional Services Limited is a member of the Hong Kong Institute of Surveyors. The valuation was arrived at by reference to market evidence of transaction prices for similar properties. The revaluation gave rise to a net gain arising from increase in fair value of HK\$1,706,000 (2009: net loss arising from decrease in fair value of HK\$81,192,000) which has been credited (2009: charged) to profit or loss. All the investment properties are situated in the PRC under medium-term lease.

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

11. TRADE AND OTHER RECEIVABLES

At 30 June 2010, the balance of other receivables included receivables from home buyers who defaulted on repayment to banks, representing the loans taken over by the Group, of HK\$2,997,000 (2009: HK\$13,836,000) with collateral of properties and are measured at amortised cost at an effective interest rate of 5.85% (2009: 5.85%) and an amount receivable as at 30 June 2010 for vendor's undertakings of nil (2009: HK\$8,976,000) in relation to the acquisition of subsidiaries in the prior years. For property sales, other than home loans, the Group allows an average credit period of 30 days (2009: 30 days) to its customers. Rentals receivable from tenants and service income receivables from customers are payable on presentation of invoices. The following is an aged analysis of trade receivables net of allowance for doubtful debt presented based on invoice date at the end of the reporting period:

	At 30 June	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 60 days	11,132	11,335
61 – 90 days	78	314
Over 90 days	<u>21</u>	<u>1,353</u>
	<u>11,231</u>	<u>13,002</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. 98% (2009: 87%) of the trade receivables are neither past due nor impaired and have good settlement repayment history.

Included in the Group's trade receivable balance are debtors with a carrying amount of HK\$172,000 (2009: HK\$1,667,000) which are past due at the reporting date for which the Group has not provided for impairment loss. There has not been a significant change in credit quality and the management considers that the amounts are still recoverable. The Group does not hold any collateral over these balances. The average overdue age of these receivables is 82 days (2009: 77 days) overdue.

12. TRADE AND OTHER PAYABLES

At 30 June 2010, the balance of trade and other payables included trade payables of HK\$2,443,000 (2009: HK\$2,403,000). The following is an aged analysis of trade payables based on the invoice date at the end of the reporting period:

	At 30 June	
	2010 HK\$'000	2009 HK\$'000
0 – 60 days	304	281
Over 60 days	2,139	2,122
	2,443	2,403

The other payables mainly include rental deposits of HK\$19,298,000 (2009: HK\$21,871,000) and receipt in advance of HK\$3,419,000 (2009: HK\$4,677,000).

RESULTS REVIEW

For the year ended 30 June 2010, the turnover of the Group rose to HK\$126,437,000 (2009: HK\$86,722,000) and the gross profit boosted 29% to HK\$94,814,000 (2009: HK\$73,249,000) as compared with the previous corresponding year. These results are primarily arisen from the proceeds of property sales and rental income generated from the investment properties of the Group. In addition, the Group recorded other income in the sum of HK\$22,763,000 (2009: HK\$30,748,000) including, among others, the imputed interest income and the final three-month guaranteed rental income of investment properties in Shanghai as provided by the vendor in the year under review.

In view of mild appreciation upon revaluation of investment properties of the Group in mainland China, there was a slight increase of HK\$1,706,000 (2009: decrease of HK\$81,192,000) in the overall fair value of the investment properties of the Group for the year under review.

For the year ended 30 June 2010, the Company marked a turnaround profit of HK\$36,521,000 (2009: loss of HK\$62,467,000) attributable to its owners with earnings per share of HK\$0.167 (2009: loss per share of HK\$0.285). Excluding the impact of revaluation and the related tax effect on investment properties, the underlying profit of the Company to its owners soared substantially for the year under review as against the loss of the previous corresponding year.

Taking into account of other comprehensive income of exchange gain on translation to presentation currency, the total comprehensive income attributable to owners of the Company amounted to HK\$52,393,000 (2009: expense of HK\$66,625,000).

BUSINESS REVIEW

In the year under review, the Group operated in reportable segments of property rental and property sales in the first-tier cities of mainland China, results of which showed improvement under the momentum of surging economy and property market in mainland China.

The segment results of property rental reflected a profit of HK\$55,206,000 (2009: loss of HK\$14,528,000), of which HK\$30,397,000 (2009: HK\$3,906,000) was generated from investment properties in Shanghai with the balance from those in Beijing under stabilised capital value. The rental income of the Group generated from its investment properties in Shanghai and Beijing amounted to HK\$72,448,000 (2009: HK\$76,386,000), which accounted for 57% of the total turnover of the Group.

In Shanghai, due to the surge of supply of new office buildings and the sluggish impact on foreign tenants for renewals and new premises as a result of the global economic slowdown in the year under review, there was downstream in rental and occupancy rate of the quality offices of the Group known as “Eton Place” situated in Pudong, Shanghai. The occupancy rate was about 80% as at 30 June 2010 with rental income in an aggregate of HK\$48,173,000 (2009: HK\$51,306,000) for the year under review, subsisted by the final three-month guaranteed income of HK\$1,349,000 (2009: HK\$11,409,000) as provided by the vendor in the year under review.

In Beijing, as the economy rebounded, along with accelerating household disposable income and consumer spending, retail demand became increasingly active, driving leasing activities across commercial sector during the year under review. The “Uptown Mall” of the Group located in Chaoyang District, Beijing, being a well-established shopping mall complex in the district with flow of affluent shoppers, attained nearly full level of occupancy, with steady rental income in the year under review.

Moreover, the residential market in Beijing was brisk under positive sentiment of property investment that promoted the sales volume and price level of remaining unsold residential units of Chaoyang Garden developed by the Group in the year under review. The Group realised proceeds of property sales in the sum of HK\$53,989,000 (2009: HK\$10,336,000), which contributed 43% to the total turnover of the Group, while the segment results soared to a profit of HK\$24,817,000 (2009: HK\$456,000).

As disclosed in the announcement of the Company dated 4 June 2010, the Group lodged a petition (the “**Petition**”) for international arbitration in July 2009, claiming against the Chinese joint venture partner (the “**JV Partner**”) of Shenzhen Zhen Wah Harbour Enterprises Ltd. (“**Zhen Wah**”, which entitles to land use right of a piece of land located in Tung Kok Tau), for its specific performance under a shareholders’ agreement (the “**Shareholders’ Agreement**”). The Shareholders’ Agreement was previously awarded under a previous international arbitration as legally valid and effective. Pursuant to the Shareholders’ Agreement, the equity interests of the Group in Zhen Wah was to be increased to 80%. The

arbitration proceedings were heard in September 2009 and the arbitral award (the “**Award**”) was made by China International Economic and Trade Arbitration Commission (“**CIETAC**”) on 27 May 2010. Pursuant to the Award, amongst others, the Petition was rejected by CIETAC whereas the petition made by JV Partner for termination of the Shareholders’ Agreement was supported by CIETAC. As advised by the legal adviser to the Company, the Award was final and conclusive. Zhen Wah has previously been accounted for as a jointly controlled entity of the Group based on the Group’s 49% interest in Zhen Wah; and all advances to Zhen Wah by the Group has been included as amount due from such jointly controlled entity. As a result thereof, there was no material adverse impact on the consolidated statement of comprehensive income and the consolidated net asset value of the Group pursuant to the Award in the year under review.

Meanwhile, the Group has sought legal advice and taken expedient action so as to safeguard its best interests in Zhen Wah and to bolster best value of the assets held by Zhen Wah.

FINANCIAL REVIEW

Capital Structure

The financial position of the Group remains stable and liquid, and its financing and treasury policies are managed and controlled at the corporate level and prudent manner during the year. At 30 June 2010, the equity attributable to owners of the Company amounted to HK\$1,474,313,000 (2009: HK\$1,430,684,000) with net asset value per share of HK\$6.73 (2009: HK\$6.53). Total unsecured and secured bank borrowings of the Group amounted to about HK\$285,500,000 (2009: HK\$325,500,000), which were in Hong Kong dollars and repayable within 2 years on floating rate basis. As at 30 June 2010, the gearing ratio of the Group was about 10.8 % (2009: 12.7%) based on the net debt of the Group (after deducting bank balances and cash) to its equity attributable to owners of the Company. No significant exposure to foreign currency fluctuations affected the Group and no financial instruments were used for hedging purpose in the year under review.

Financial Resources and Liquidity

In the year under review, sufficient cashflow was generated by sales proceeds of properties in Beijing as well as rental income of investment properties in Shanghai and Beijing. As at 30 June 2010, the Group’s bank balance and cash stood at HK\$126,976,000 (2009: HK\$144,445,000), denominated primarily in renminbi yuans and Hong Kong dollars. With sufficient cashflow, the Group maintained an un-utilised credit facilities of HK\$11,000,000 (2009: HK\$11,500,000) as working capital at floating interest rate as at 30 June 2010.

Pledge of Assets and Contingent Liabilities

As at 30 June 2010, the Group pledged its properties with a total carrying value of HK\$997,948,000 (2009: HK\$997,130,000) 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\$21,239,000 (2009: HK\$12,303,000) to banks to secure 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 2010, the Group had given guarantees in respect of such home loans of HK\$123,484,000 (2009: HK\$216,216,000). 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 to value ratio.

PROSPECTS

Despite the recent anti-speculative stringent measures imposed by the PRC Government to curb investment demand for housing, the underlying fundamentals and drivers of the economy in China remain solid and well positioned to outperform in the ensuing year.

In Shanghai, a number of new high-quality office buildings in Pudong are expected to reach completion after World Expo which will bring upon a keen market for upgrading and relocation to these new office spaces that offer competitive rentals. The Group will strive for tenant retention at “Eton Place” upon lease renewals and attract new local and foreign tenants with competitive rental strategies to sustain high occupancy rate with constant recurring revenue to the Group in Shanghai.

In Beijing, the launch of new shopping malls in Chaoyang District will add pressure on rentals and take-up rate. Yet, business confidence and retailer demand for spaces will continue to grow steadily as consumer spending is strengthening. The Group will continue to reinforce strategic positioning and asset management, coupled with favorable tenant mix and brand portfolio and competitive rental terms to uplift market edge and prime image of “Uptown Mall” in Beijing. At the same time, it is anticipated that property sales will likely cool down in the coming year, resulting from the strict official housing policies.

In Shenzhen, the Group will procure to safeguard its best interests and will seek to optimise its value of investments in Zhen Wah, including but not limited to, seeking further legal advice for possible actions (if any) and negotiations with the JV Partner to resolve outstanding issues in this respect as well as negotiations with the relevant government authorities to optimise redevelopment plan and maximize asset values of Tung Kok Tau held under Zhen Wah, in alignment with the official regional rezoning, development and city planning of Shenzhen Special Economic Zone.

DIVIDENDS

The Directors recommend the payment of a final dividend of 2 Hong Kong cents (2009: 2 Hong Kong cents) per share to the shareholders of the Company whose names appear on the register of members on 10 December 2010. An interim dividend of 2 Hong Kong cents per share were paid to the shareholders of the Company during the year which, in aggregate, gives total dividends for the year of 4 Hong Kong cents per share. Subject to approval of shareholders at the forthcoming annual general meeting of the Company, the warrants for the final dividend are expected to be despatched to those entitled on or about 29 December 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 6 December 2010 to Friday, 10 December 2010, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars in Hong Kong, Tricor Tengis Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Friday, 3 December 2010.

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

The Company has complied throughout the year ended 30 June 2010 with code provisions in the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Listing Rules, save for the deviation from CG Code B.1.1 which stipulates that a majority of the members of the remuneration committee of the Board should be Independent Non-executive Directors.

During the period from 2 June 2010 to 31 August 2010, a majority of the members of the remuneration committee of the Board was not composed of a majority of Independent Non-executive Directors. Additionally, during the same period, the number of Independent Non-executive Directors and the members of audit committee of the Board fell below the minimum of three as required under rules 3.10(1) and 3.21 of the Listing Rules respectively.

With effect from 1 September 2010, the Company has appointed Mr. FOK Kam Chu, John as an Independent Non-executive Director, and the Board has nominated him as a member of the audit committee and the remuneration committee of the Board, and hence the Company has been in compliance with the CG Code and the Listing Rules respectively.

AUDIT COMMITTEE

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

APPRECIATION

During the year, Ms. SALAZAR Lourdes Apostol resigned as an Independent Non-executive Director of the Company. The Board of Directors would like to express its sincere gratitude to her again for her valuable contributions to the Group during her tenure.

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

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

Hong Kong, 17 September 2010

As at the date of this announcement, the Board of Directors of the Company 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.