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 2011

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 2011 together with comparative figures for the previous year are as follows:

Consolidated Statement of Comprehensive Income

		Year ended 30 June	
		2011	2010
	Notes	***HK$'000***	*HK$'000*
Turnover	*3*	**100,096**	126,437
Direct costs		**(32,995)**	(50,902)
Gross profit		**67,101**	75,535
Other income	*4*	**28,661**	22,763
Increase in fair value of investment properties		**34,176**	1,706
Administrative expenses		**(21,647)**	(36,865)
Finance costs	*6*	**(2,292)**	(2,316)
Share of loss of a jointly controlled entity		**(5,477)**	(7,230)
Profit before taxation		**100,522**	53,593
Taxation	*7*	**(24,164)**	(16,079)
Profit for the year		**76,358**	37,514
Other comprehensive income			
Exchange difference on translation to presentation currency		**75,411**	16,171
Total comprehensive income for the year		**151,769**	53,685

	Note	Year ended 30 June **2011** *HK$'000*	2010 *HK$'000*
Profit for the year attributable to:			
Owners of the Company		**74,588**	36,521
Non-controlling interest		**1,770**	993
		76,358	37,514
Total comprehensive income attributable to:			
Owners of the Company		**148,553**	52,393
Non-controlling interest		**3,216**	1,292
		151,769	53,685
Basic earnings per share *(Hong Kong cents)*	*9*	**34.0**	16.7

Consolidated Statement of Financial Position

	Notes	At 30 June 2011 HK$'000	2010 HK$'000 (Restated)	At 1 July 2009 HK$'000 (Restated)
Non-current Assets				
Property, plant and equipment		**2,447**	2,911	3,568
Investment properties	*10*	**1,645,704**	1,535,437	1,517,816
Interest in a jointly controlled entity		**65,759**	55,457	49,335
Amount due from a jointly controlled entity		**228,154**	217,826	215,572
Other receivables		**–**	744	8,352
		1,942,064	1,812,375	1,794,643
Current Assets				
Properties held for sale		**32,736**	40,402	67,836
Loan receivables		**–**	–	–
Trade and other receivables	*11*	**15,394**	17,297	32,076
Amount due from a non-controlling shareholder		**920**	877	868
Bank deposits – pledged		**60,734**	59,618	50,284
Bank balances and cash		**97,761**	88,597	106,464
		207,545	206,791	257,528
Current Liabilities				
Trade and other payables	*12*	**58,565**	53,080	55,402
Pre-sale deposits received		**2,257**	946	6,478
Amount due to a related company		**–**	–	9,918
Tax payable		**97,977**	81,576	103,544
Bank loans – due within one year		**79,490**	285,500	132,500
		238,289	421,102	307,842
Net Current Liabilities		**(30,744)**	(214,311)	(50,314)
Total Assets less Current Liabilities		**1,911,320**	1,598,064	1,744,329
Capital and Reserves				
Share capital		**219,104**	219,104	219,104
Reserves		**1,394,998**	1,255,209	1,211,580
Equity attributable to owners of the Company		**1,614,102**	1,474,313	1,430,684
Non-controlling interest		**31,359**	29,082	27,790
Total Equity		**1,645,461**	1,503,395	1,458,474
Non-current Liabilities				
Bank loans – due after one year		**160,210**	–	193,000
Deferred tax liabilities		**105,649**	94,669	92,855
		265,859	94,669	285,855
		1,911,320	1,598,064	1,744,329

Notes:

1. BASIS OF PREPARATION

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

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

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 2011 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 ("HKFRSs")

In the current year, the Group has applied the following new and revised standards, amendments and interpretations issued by the HKICPA.

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 issued in 2009
HKFRSs (Amendments)	Amendment of HKAS 27 and HKFRS 3 as part of improvements to HKFRSs 2010
HKAS 32 (Amendments)	Classification of Rights Issues
HKFRS 1 (Amendments)	Additional Exemptions for First-time Adopters
HKFRS 1 (Amendments)	Limited Exemption from comparative HKFRS 7 Disclosure for First-time Adopters
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments
HK – Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Except as described below, the application of the new and revised HKFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Hong Kong Interpretation 5 "Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause" ("**HK – Int 5**") clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ("repayment on demand clause") should be classified by the borrower as current liabilities. The Group has applied HK – Int 5 for the first time in the current year. HK – Int 5 requires retrospective application.

In order to comply with the requirements set out in HK – Int 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK – Int 5, term loans with a repayment on demand clause are classified as current liabilities.

As a result, bank loans that contain a repayment on demand clause with the aggregate carrying amounts of HK$64,500,000 and HK$82,500,000 have been reclassified from non-current liabilities to current liabilities as at 30 June 2010 and 1 July 2009 respectively. As at 30 June 2011, there are no bank loans which are repayable more than one year after the end of the reporting period but contain a repayment on demand clause. The application of HK – Int 5 has had no impact on the reported profit or loss for the current and prior years.

Such term loans have been presented in the earliest time band in the maturity analysis for financial liabilities that reflects the remaining contracted maturities.

The adoption of the other new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010 except for the amendments to HKAS 27 and HKFRS 3[1]
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[2]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[2]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statement[3]
HKFRS 11	Joint Arrangements[3]
HKFRS 12	Disclosure of Interests in Other Entities[3]
HKFRS 13	Fair Value Measurement[3]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[6]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[4]
HKAS 19 (as revised in 2011)	Employee Benefits[3]
HKAS 24 (as revised in 2009)	Related Party Disclosures[5]
HKAS 27 (as revised in 2011)	Separate Financial Statements[3]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[3]
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[5]

1 Amendments that are effective for annual periods beginning on or after 1 January 2011
2 Effective for annual periods beginning on or after 1 July 2011
3 Effective for annual periods beginning on or after 1 January 2013
4 Effective for annual periods beginning on or after 1 January 2012
5 Effective for annual periods beginning on or after 1 January 2011
6 Effective for annual periods beginning on or after 1 July 2012

HKFRS 11 Joint Arrangements replaces HKAS 31 Interests in joint ventures. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, there are two types of joint arrangements: joint ventures and joint operations. The classification in HKFRS 11 is based on parties' rights and obligations under the arrangements. In contrast, under HKAS 31, there are three different types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. Joint arrangements that are classified as jointly controlled entities in accordance with HKAS 31 may be classified as joint ventures or joint operations as appropriate in accordance with HKFRS 11.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting. The Group's jointly controlled entity is currently accounted for using the equity method of accounting.

The Directors of the Company anticipate that this new standard will be applied in the Group's consolidated financial statements for financial year beginning on 1 July 2013 and are in the process of assessing the impact.

The amendments to HKAS 12 titled Deferred Tax: Recovery of Underlying Assets mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property". Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. If the presumption is not rebutted, the Directors of the Company anticipate that the application of the amendments to HKAS 12 may have a significant impact on deferred taxation recognised for investment properties that are measured using the fair value model.

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

3. TURNOVER AND SEGMENT INFORMATION

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

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

These divisions 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			
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
SEGMENT REVENUE								
TURNOVER								
External sales	**25,634**	24,275	**46,080**	48,173	**28,382**	53,989	**100,096**	126,437
SEGMENT RESULT	**41,578**	24,809	**40,278**	30,397	**19,197**	24,817	**101,053**	80,023
Unallocated other income							**26,714**	16,786
Unallocated corporate expenses							**(19,476)**	(33,670)
Finance costs							**(2,292)**	(2,316)
Share of loss of a jointly controlled entity							**(5,477)**	(7,230)
Profit before taxation							**100,522**	53,593

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			
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
ASSETS								
Segment assets	**598,962**	546,348	**1,058,350**	1,000,623	**38,658**	49,897	**1,695,970**	1,596,868
Interest in a jointly controlled entity							**65,759**	55,457
Amount due from a jointly controlled entity							**228,154**	217,826
Unallocated corporate assets							**159,726**	149,015
Consolidated total assets							**2,149,609**	2,019,166
LIABILITIES								
Segment liabilities	**5,852**	5,513	**26,126**	22,709	**18,929**	16,702	**50,907**	44,924
Unallocated corporate liabilities							**453,241**	470,847
Consolidated total liabilities							**504,148**	515,771

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			
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Amounts included in the measure of segment profit or segment assets and liabilities								
Capital expenditures	**–**	–	**–**	–	**20**	81	**20**	81
Depreciation	**–**	–	**–**	–	**439**	443	**439**	443
Impairment loss recognised (reversed) in respect of receivables, net	**46**	166	**288**	(830)	**(1,508)**	(955)	**(1,174)**	(1,619)
Increase (decrease) in fair value of investment properties	**25,368**	11,259	**8,808**	(9,553)	**–**	–	**34,176**	1,706

(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	
	2011	2010
	HK$'000	*HK$'000*
PRC (other than Hong Kong)	**1,648,038**	1,538,071

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

4. OTHER INCOME

	Year ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Included in other income are:		
Bank interest income	**903**	1,156
Exchange gain, net	**12,542**	2,831
Gain in receivable for vendor's undertakings	**–**	1,349
Imputed interest income on other receivables	**245**	1,176
Imputed interest income on amount due from a jointly controlled entity	**13,211**	12,793

5. DEPRECIATION AND AMORTISATION

	Year ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:		
Depreciation	**623**	788
Amortisation	**–**	–

6. FINANCE COSTS

	Year ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Interest on bank borrowings wholly repayable within five years	**2,292**	2,194
Imputed interest expense on amount due to a related company	**–**	122
	2,292	2,316

7. TAXATION

	Year ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
The tax charge comprises:		
Current tax in the PRC (other than Hong Kong)		
Current year	**7,900**	9,227
Underprovision in prior years	**1,268**	–
	9,168	9,227
PRC Land Appreciation Tax ("**LAT**")	**8,806**	6,016
Deferred tax liabilities		
Current year charge	**6,190**	836
	24,164	16,079

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$705,000 (2010: HK$361,000) 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	
	2011	2010
	HK$'000	*HK$'000*
Final dividend paid in respect of year ended 30 June 2010 of 2 Hong Kong cents (2009: 2 Hong Kong cents) per share	**4,382**	4,382
Interim dividend paid in respect of year ended 30 June 2011 of 2 Hong Kong cents (2010: 2 Hong Kong cents) per share	**4,382**	4,382
	8,764	8,764

The final dividend in respect of 2 Hong Kong cents per share totaling HK$4,382,000 for the year ended 30 June 2011 has been proposed by the Directors and is subject to approval by the shareholders in the annual general meeting.

9. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share attributable to owners of the Company is based on profit attributable to owners of the Company of HK$74,588,000 (2010: HK$36,521,000) for the year and on 219,103,681 (2010: 219,103,681) ordinary shares in issue throughout the year.

No diluted earnings per share is presented as there is no potential ordinary shares outstanding during both years.

10. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 July 2009	1,517,816
Exchange realignment	15,915
Increase in fair value	1,706
At 30 June 2010	1,535,437
Exchange realignment	76,091
Increase in fair value	34,176
At 30 June 2011	**1,645,704**

The fair value of the Group's investment properties as at 30 June 2011 and 2010 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$34,176,000 (2010: HK$1,706,000) which has been credited 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 2011, 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$979,000 (2010: HK$2,997,000) with collateral of properties and are measured at amortised cost at an effective interest rate of 5.85% (2010: 5.85%) per annum. For property sales, other than home loans, the Group allows an average credit period of 30 days (2010: 30 days) to the buyers. Rentals receivable from tenants and service income receivables from customers are payable on presentation of invoices. The following is an aged analysis of trade receivables net of allowance for doubtful debt presented based on invoice date at the end of the reporting period:

	At 30 June		At 1 July
	2011	2010	2009
	HK$'000	*HK$'000*	*HK$'000*
0 – 60 days	**9,926**	11,132	11,335
61 – 90 days	**22**	78	314
Over 90 days	**–**	21	1,353
	9,948	11,231	13,002

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. 95% (2010: 98%) 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$452,000 (2010: HK$172,000) 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 32 days (2010: 82 days) overdue.

12. TRADE AND OTHER PAYABLES

At 30 June 2011, the balance of trade and other payables included trade payables of HK$2,791,000 (2010: HK$2,443,000). The following is an aged analysis of trade payables based on the invoice date at the end of the reporting period:

	At 30 June		At 1 July
	2011	2010	2009
	HK$'000	*HK$'000*	*HK$'000*
0 – 60 days	**547**	304	281
Over 60 days	**2,244**	2,139	2,122
	2,791	2,443	2,403

The other payables mainly include rental deposits of HK$24,139,000 (2010: HK$19,298,000) and receipt in advance of HK$3,525,000 (2010: HK$3,419,000).

RESULTS REVIEW

For the year ended 30 June 2011, the turnover of the Group amounted to HK$100,096,000 (2010: HK$126,437,000) and the gross profit for the year totalled HK$67,101,000 (2010: HK$75,535,000). As compared with the last year, the turnover and gross profit of the Group decreased to 21% and 11% respectively whereas the gross profit margin accelerated to 67% from 60%. These results are primarily attributable to the proceeds of rental income derived from investment properties and reduced sales proceeds of properties of the Group as further explained below.

Furthermore, the Group recorded other income in the sum of HK$28,661,000 (2010: HK$22,763,000) that had arisen mainly from the imputed interest income and exchange gain of Renminbi in the year.

In light of sustained positive sentiment in the property sectors of office and retail in the mainland China, the aggregate fair value of investment properties of the Group increased by HK$34,176,000 (2010: HK$1,706,000) in the year.

Overall, the profit for the year attributable to owners of the Company markedly surged by 104% summing to HK$74,588,000 (2010: HK$36,521,000) with earnings per share of HK$0.34 (2010: HK$0.167). Excluding the impact of revaluation and related tax effect on investment properties of the Group, the underlying profit for the year attributable to the owners of the Company rose by 32%.

In consideration of other comprehensive income of exchange difference on translation to presentation currency, the total comprehensive income attributable to owners of the Company amounted to HK$148,553,000 (2010: HK$52,393,000) for the year, showing a significant boost of 184% as compared with that of the previous year.

BUSINESS REVIEW

In the year under review, the Group continued its operating segments of property rental and property sales in the mainland China. The segment of property rental in Beijing and Shanghai was the major contributor of turnover and results of the Group, which was in addition to strengthened capital value of investment properties of the Group. On the other hand, the segment of property sales dropped due to reduced number of unsold units held by the Group for sale and depressed residential market after a raft of official policies to curb property market in mainland China in the year.

The investment properties of the Group, comprising quality offices in Pudong in Shanghai and well-established shopping mall together with carparks in Chaoyang District in Beijing, generated an aggregate rental income of HK$71,714,000 (2010: HK$72,448,000), which contributed 72% (2010: 57%) to the total turnover of the Group in the year. Such segment results of property rental recorded a profit of HK$81,856,000 (2010: HK$55,206,000), of which HK$34,176,000 (2010: HK$1,706,000) had arisen from increase in fair value of investment properties.

Meanwhile, the Group accounted for sales proceeds of residential units in the sum of HK$28,382,000 (2010: HK$53,989,000), which contributed 28% (2010: 43%) to the total turnover of the Group in the year. And such segment results of property sales recorded a profit of HK$19,197,000 (2010: HK$24,817,000). The fall in sales and results was due to the fact of few residential units held by the Group for sale along with notable decline in sales volume in Beijing after official ongoing demand-suppression policies and credit-control measures in the year.

In Beijing, sustained strong performance in retail sector reinforced retail demand, which in turn drove down vacancy rate and allowed stable growth of rental and asset performance of shopping mall. The "Uptown Mall" of the Group attained virtually full level of occupancy, with improved rental in the sum of HK$25,634,000 (2010: HK$24,275,000) and appreciated capital value in the sum of HK$25,368,000 (2010: HK$11,259,000), achieving the results of a profit of HK$41,578,000 (2010: HK$24,809,000) in the segment of property rental in Beijing in the year.

In Shanghai, rental was competitive in view of a supply glut in office market in Pudong in the year. However, active office upgrades and expansion together with renewal of lease sustained high occupancy rate of the quality offices of the Group at "Eton Place" in Little Lujiazui, with mildly reduced rental income in an aggregate of HK$46,080,000 (2010: HK$48,173,000) and moderate appreciated capital value of HK$8,808,000 (2010: devalued HK$9,553,000), achieving the results of a profit of HK$40,278,000 (2010: HK$30,397,000) in the segment of property rental in Shanghai in the year.

In Shenzhen, the jointly controlled entity known as Shenzhen Zhen Wah Harbour Enterprises Ltd. ("**Zhen Wah**"), which entitles to land use right of a piece of land situated in Tung Kok Tau in Nanshan District, has advantaged in terms of asset value from improved infrastructure and city planning in the region pursuant to 2011 Universiade (World University Games). With an aim to optimize redevelopment plan and economic value of Tung Kok Tau, the Group and the Chinese partner of Zhen Wah has been jointly and actively negotiating with the municipal governmental authorities in relation to land rezoning in an attempt to enhance use of land and ancillary facilities, to increase gross developable area and saleable floor area mainly in high-rise residential area and to negotiate revised land premium for additional gross developable area.

PROSPECTS

Despite global economic challenges on the back of the sovereign debt crises in Europe and the U.S., the overall stable and resilient economic growth in China is prompting positive market outlook. It is anticipated that steady source of rental income will subsist though official tightening policies are expected to endure to cool down property market and to suppress inflationary pressure.

In Beijing, both businesses and consumers confidence in the retail sector will buoy ongoing strengthened investment and spending power under the brisk economic growth in China. More and more foreign– and local-branded retailers are expected to maintain expansion pace. Leasing activities are forecasted to remain solid and the Group will continue to adjust tenant mix and brand portfolio for market niche from time to time with effective mall management to maintain high occupancy rate and constant recurring revenue to the Group.

On the other hand, it is anticipated that the sales transaction of residential property will remain low as a result of reduced number of residential units held by the Group for sale and continuing house-purchasing restrictions and credit-tightening measures imposed in the mainland China.

In Shanghai, the influx of new quality office supply in the outer area of Little Lujiazui in Pudong is expected to be taken up by tenants that require office upgrade and relocation. In addition, the robust domestic economy will drive new establishments, in-house expansions and relocation expansions of both local and foreign corporations. To sustain high occupancy rate and steady recurring revenue, the Group will strive for retention and expansion of existing tenants upon lease renewals and new small-to-medium-sized tenants at competitive rental strategies.

Finally, it is anticipated that the progressive economic and city growth in Shenzhen and its cross-border integration with Hong Kong will boom city development particularly the superb residential development in Nanshan District. The Group will endeavor to safeguard its best interests in Zhen Wah and to bargain with the relevant government authorities to strive for enhanced redevelopment plan and maximize asset value of Tung Kok Tau in alignment with the official rezoning, city planning and development of infrastructure in the region.

DIVIDENDS

The Directors recommend the payment of a final dividend of 2 Hong Kong cents (2010: 2 Hong Kong cents) per share to the shareholders of the Company whose names appear on the register of members on 9 December 2011. 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 2011.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 5 December 2011 to Friday, 9 December 2011, 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, 2 December 2011.

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 2011 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

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, 23 September 2011

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.