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 2012

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 2012 together with comparative figures for the previous year are as follows:

Consolidated Statement of Comprehensive Income

		Year ended 30 June	
		2012	2011
	Notes	***HK$'000***	*HK$'000*
Turnover	*3*	**94,216**	100,096
Direct costs		**(26,869)**	(32,995)
Gross profit		**67,347**	67,101
Other income	*4*	**27,468**	28,661
Increase in fair value of investment properties		**59,156**	34,176
Administrative expenses		**(30,281)**	(21,647)
Finance costs	*6*	**(5,386)**	(2,292)
Share of loss of a jointly controlled entity		**(6,725)**	(5,477)
Profit before taxation		**111,579**	100,522
Taxation	*7*	**(18,530)**	(24,164)
Profit for the year		**93,049**	76,358
Other comprehensive income			
Exchange difference on translation to presentation currency		**33,806**	75,411
Total comprehensive income for the year		**126,855**	151,769

	Note	Year ended 30 June **2012** ***HK$'000***	 2011 *HK$'000*
Profit for the year attributable to:			
Owners of the Company		**91,557**	74,588
Non-controlling interest		**1,492**	1,770
		93,049	76,358
Total comprehensive income attributable to:			
Owners of the Company		**124,734**	148,553
Non-controlling interest		**2,121**	3,216
		126,855	151,769
Earnings per share *(Hong Kong cents)*	*9*		
Basic		**41.8**	34.0
Diluted		**41.5**	N/A

Consolidated Statement of Financial Position

	Notes	At 30 June 2012 HK$'000	2011 HK$'000
Non-current Assets			
Property, plant and equipment		**2,222**	2,447
Investment properties	*10*	**1,737,936**	1,645,704
Interest in a jointly controlled entity		**60,972**	65,759
Amount due from a jointly controlled entity		**246,393**	228,154
		2,047,523	1,942,064
Current Assets			
Properties held for sale		**28,883**	32,736
Loan receivables		**–**	–
Trade and other receivables	*11*	**12,049**	15,394
Amount due from a non-controlling shareholder		**938**	920
Bank deposits – pledged		**11,823**	60,734
Bank balances and cash		**174,563**	97,761
		228,256	207,545
Current Liabilities			
Trade and other payables	*12*	**57,964**	58,565
Pre-sale deposits received		**281**	2,257
Tax payable		**99,500**	97,977
Bank loans – due within one year		**24,474**	79,490
		182,219	238,289
Net Current Assets (Liabilities)		**46,037**	(30,744)
Total Assets less Current Liabilities		**2,093,560**	1,911,320

	At 30 June	
	2012	2011
	HK$'000	*HK$'000*
Capital and Reserves		
Share capital	**219,104**	219,104
Reserves	**1,519,181**	1,394,998
Equity attributable to owners of the Company	**1,738,285**	1,614,102
Non-controlling interest	**33,480**	31,359
Total Equity	**1,771,765**	1,645,461
Non-current Liabilities		
Bank loans – due after one year	**205,718**	160,210
Deferred tax liabilities	**116,077**	105,649
	321,795	265,859
	2,093,560	1,911,320

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 financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 30 June 2012 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 interpretation issued by the HKICPA.

Amendments to HKFRSs	Improvements to HKFRSs 2010 except for the amendments to HKAS 27 and HKFRS 3
Amendments to HKAS 7	Disclosures – Transfers of Financial Assets
HKAS 24 (as revised in 2009)	Related Party Disclosures
Amendment to HK(IFRIC) – Int 14	Prepayments of a Minimum Funding Requirement

The application of the new and revised HKFRSs in the current year has had no material effect on the Group's financial performance and position for the current and prior years and/or disclosures set out in these consolidated financial statements.

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle[1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 Transaction Disclosures[2]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
HKFRS 9	Financial Instruments[2]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[3]
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets[4]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[5]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

[1] Effective for annual periods beginning on or after 1 January 2013.
[2] Effective for annual periods beginning on or after 1 January 2015.
[3] Effective for annual periods beginning on or after 1 July 2012.
[4] Effective for annual periods beginning on or after 1 January 2012.
[5] Effective for annual periods beginning on or after 1 January 2014.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK (SIC) – Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK (SIC) – Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

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.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The Directors of the Company anticipate that these five standards will be adopted in the Group's consolidated financial statements for financial year ending 30 June 2014. The application of these five standards is not expected to have significant impact on amounts reported but will result in more extensive disclosures in the Group's consolidated financial statements.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The Directors of the Company anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 July 2013 and that the application of the new standard is not expected to affect the amounts reported in the consolidated financial statements but may result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 12 Deferred Tax – Recovery of Underlying Assets

The amendments to HKAS 12 provide an exception to the general principles in HKAS 12 that the measurement of deferred taxes should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 *Investment Property* are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The amendments to HKAS 12 are effective for the Group's financial year beginning 1 July 2012. If the presumption of investment properties to be recovered through sale is not rebutted, the Directors anticipate that the application of the amendments to HKAS 12 in future accounting periods may result in adjustments to the amounts of deferred tax liabilities recognised in prior years regarding the Group's investment properties of which the carrying amounts are presumed to be recovered through sale.

The Directors consider that the adoption of the amendments to HKAS 12 would result in increase in the Group's deferred tax liabilities by HK$102,263,000, HK$106,377,000 and HK$115,278,000 as at 1 July 2010, 30 June 2011 and 30 June 2012, respectively, with the corresponding adjustment to retained profits, non-controlling interest and translation reserve. The Group's retained profits, non-controlling interest and translation reserve as at 1 July 2010 would be decreased by HK$98,422,000, HK$3,064,000 and HK$777,000 respectively.

For the year ended 30 June 2011, the profit for the year and other comprehensive income would be increased by HK$879,000 and decreased by HK$4,993,000 respectively; and the profit for the year and other comprehensive income attributable to owners of the Company would be increased by HK$1,226,000 and decreased by HK$4,835,000, whereas the profit for the year and other comprehensive income attributable to non-controlling interest would be decreased by HK$347,000 and decreased by HK$158,000.

For the year ended 30 June 2012, the profit for the year and other comprehensive income would be decreased by HK$6,765,000 and HK$2,137,000 respectively, of which HK$6,551,000 and HK$2,065,000 is attributable to owners of the Company, whereas HK$214,000 and HK$72,000 are attributable to non-controlling interest.

The basic and diluted earnings per share would be both decreased by 3 Hong Kong cents for the year ended 30 June 2012 and the basic earnings per share would be increased by 0.6 Hong Kong cents for the year ended 30 June 2011.

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

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.

(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**			
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
SEGMENT REVENUE								
TURNOVER								
External sales	**26,496**	25,634	**53,535**	46,080	**14,185**	28,382	**94,216**	100,096
SEGMENT RESULT	**30,517**	41,578	**87,538**	40,278	**10,722**	19,197	**128,777**	101,053
Unallocated other income							**23,237**	26,714
Unallocated corporate expenses							**(28,324)**	(19,476)
Finance costs							**(5,386)**	(2,292)
Share of loss of a jointly controlled entity							**(6,725)**	(5,477)
Profit before taxation							**111,579**	100,522

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment result represents the profit earned 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			
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
ASSETS								
Segment assets	**619,320**	598,962	**1,126,745**	1,058,350	**35,607**	38,658	**1,781,672**	1,695,970
Interest in a jointly controlled entity							**60,972**	65,759
Amount due from a jointly controlled entity							**246,393**	228,154
Unallocated corporate assets							**186,742**	159,726
Consolidated total assets							**2,275,779**	2,149,609
LIABILITIES								
Segment liabilities	**4,708**	5,852	**27,716**	26,126	**15,608**	18,929	**48,032**	50,907
Unallocated corporate liabilities							**455,982**	453,241
Consolidated total liabilities							**504,014**	504,148

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			
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	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	**–**	–	**–**	–	**21**	20	**21**	20
Depreciation	**–**	–	**–**	–	**258**	439	**258**	439
Impairment loss recognised (reversed) in respect of receivables, net	**–**	46	**212**	288	**134**	(1,508)	**346**	(1,174)
Increase in fair value of investment properties	**12,273**	25,368	**46,883**	8,808	**–**	–	**59,156**	34,176

(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	
	2012	2011
	HK$'000	*HK$'000*
PRC (other than Hong Kong)	**1,740,073**	1,648,038

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

4. OTHER INCOME

	Year ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
Included in other income are:		
Bank interest income	**4,763**	903
Exchange gain, net	**4,616**	12,542
Imputed interest income on other receivables	**131**	245
Imputed interest income on amount due from a jointly controlled entity	**13,805**	13,211

5. DEPRECIATION AND AMORTISATION

	Year ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:		
Depreciation	**326**	623
Amortisation	**–**	–

6. FINANCE COSTS

	Year ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
Interest on bank borrowings wholly repayable within five years	**5,386**	2,292

7. TAXATION

	Year ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
The tax charge comprises:		
Current tax in the PRC (other than Hong Kong)		
Current year	**10,257**	7,900
(Over)underprovision in prior years	**(1,287)**	1,268
	8,970	9,168
PRC Land Appreciation Tax ("**LAT**")	**1,254**	8,806
Deferred tax liabilities		
Current year charge	**8,306**	6,190
	18,530	24,164

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 the BVI are subject to withholding tax ranging from 10% to 25% on their taxable rental income, management fee income and interest income in the PRC.

The 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$1,269,000 (2011: HK$705,000) 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	
	2012	2011
	HK$'000	*HK$'000*
Final 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
Interim dividend paid in respect of year ended 30 June 2012 of 2 Hong Kong cents (2011: 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 2012 has been proposed by the Directors and is subject to approval by the shareholders in the annual general meeting.

9. EARNINGS PER SHARE

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

	Year ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	**91,557**	74,588

	Year ended 30 June	
	2012	2011
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**219,103,681**	219,103,681
Effect of dilutive potential ordinary shares on share options	**1,543,391**	
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**220,647,072**	

No diluted earnings per share is presented for the year ended 30 June 2011 as the Group did not have any potential ordinary shares outstanding in prior financial year.

10. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 July 2010	1,535,437
Exchange realignment	76,091
Increase in fair value	34,176
At 30 June 2011	1,645,704
Exchange realignment	33,076
Increase in fair value	59,156
At 30 June 2012	**1,737,936**

The fair value of the Group's investment properties as at 30 June 2012 and 2011 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$59,156,000 (2011: HK$34,176,000) 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 2012, 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$63,000 (2011: HK$979,000) with collateral of properties and are measured at amortised cost at an effective interest rate of 5.85% (2011: 5.85%) per annum. For property sales, other than home loans, the Group allows an average credit period of 30 days (2011: 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	
	2012	2011
	HK$'000	*HK$'000*
0–60 days	**7,804**	9,926
61–90 days	**–**	22
Over 90 days	**–**	–
	7,804	9,948

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. 96% (2011: 95%) of the trade receivables are neither past due nor impaired and have good settlement repayment history.

Included in the Group's trade receivable balances are debtors with a carrying amount of HK$300,000 (2011: HK$452,000) 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 30 days (2011: 32 days) overdue.

12. TRADE AND OTHER PAYABLES

At 30 June 2012, the balance of trade and other payables included trade payables of HK$611,000 (2011: HK$2,791,000). The following is an aged analysis of trade payables based on the invoice date at the end of the reporting period:

	At 30 June	
	2012	2011
	HK$'000	*HK$'000*
0–60 days	**123**	547
Over 60 days	**488**	2,244
	611	2,791

The other payables mainly include rental deposits of HK$25,135,000 (2011: HK$24,139,000) and receipt in advance of HK$5,060,000 (2011: HK$3,525,000).

RESULTS REVIEW

For the year ended 30 June 2012, the turnover of the Group amounted to HK$94,216,000 (2011: HK$100,096,000) and the gross profit of the Group totaled HK$67,347,000 (2011: HK$67,101,000). As compared with the previous financial year, the turnover of the Group slightly decreased by 6% whereas the gross profit remained stable with an increased gross profit margin of 71% (2011: 67%). These results continued to be derived primarily from the proceeds of rental income of investment properties and declining sales proceeds of properties of the Group as elaborated below.

In addition, the Group recorded other income of HK$27,468,000 (2011: HK$28,661,000) that arose mainly from the imputed and bank interest income and exchange gain in the year, and recognised a significant increase in fair value of investment properties of the Group in the total of HK$59,156,000 (2011: HK$34,176,000) in the year.

To sum up, the profit for the year attributable to owners of the Company rose by 23% amounting to HK$91,557,000 (2011: HK$74,588,000) with basic earnings per share of 41.8 Hong Kong cents (2011: 34 Hong Kong cents).

Taking into account 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$124,734,000 (2011: HK$148,553,000) for the year.

BUSINESS REVIEW

In the year under review, the Group carried on its operating segments of property rental and property sales in the mainland China. The segment of property rental in Beijing and Shanghai remained the key contributor of turnover and results of the Group. On the other hand, the segment of property sales continued to descend due to limited number of unsold units held by the Group for sale in the year.

The investment properties of the Group, comprising the quality offices in Pudong in Shanghai and the well-established shopping mall together with carparks in Chaoyang District in Beijing, generated an aggregate rental income of HK$80,031,000 (2011: HK$71,714,000), which attributed to 85% (2011: 72%) of the total turnover of the Group in the year and increased by 12% as compared with that of last year. In line with improved rental, the fair value of investment properties appreciated in the sum of HK$59,156,000 (2011: HK$34,176,000) in the year. As such, the segment results of property rental recorded a profit of HK$118,055,000 (2011: HK$81,856,000) representing a surge of 44% as compared with those of the previous year.

The Group accounted for sales proceeds of residential units in the sum of HK$14,185,000 (2011: HK$28,382,000), which attributed to 15% (2011: 28%) of the total turnover of the Group in the year and markedly dropped by 50% as compared with that of last year. And the segment results of property sales recorded a profit of HK$10,722,000 (2011: HK$19,197,000). The fall in sales and results was due to the fact that there were few residential units held by the Group for sale associated with retardant sentiment of residential market in Beijing amidst official ongoing demand-suppression policies imposed by the authorities in the year.

In Beijing, the retail market witnessed steady growth in both rents and occupancy rates underpinned by retailers' active expansion and set-up in the year. The "Uptown Mall" of the Group in Chaoyang District attained full level of occupancy, with improved rental in the sum of HK$26,496,000 (2011: HK$25,634,000). In Shanghai, leasing demand and net take-up remained buoyant in the office market in Pudong, thereby impelling full occupancy rate and better rental income from the quality offices of the Group known as "Eton Place" primely located at Little Lujiazui in Pudong. In the year under review, the aggregated rental income from the Group's investment properties in Shanghai amounted to HK$53,535,000 (2011: HK$46,080,000), showing a rise of 16% as compared with that of the previous year.

Moreover, capital value of the investment properties of the Group in Beijing and Shanghai appreciated in the sum of HK$12,273,000 (2011: HK$25,368,000) and HK$46,883,000 (2011: HK$8,808,000) respectively.

In respect of the jointly controlled entity of the Company known as Shenzhen Zhen Wah Harbour Enterprises Ltd. ("**Zhen Wah**"), which is entitled to the land use right of a piece of land located in Tung Kok Tau, Nanshan District, Shenzhen (the "**Land**"), the surrounding infrastructure of the Land including Shenzhen Metro and conjunction of Wang Hai Road, Hai Bin Road and Ke Yuan Road have been concluded with the relevant authorities but still subject to compromise of compensation between the relevant authorities and Zhen Wah. Meanwhile, the Group and the Chinese partner of Zhen Wah have been continuing to actively and jointly negotiate with the municipal governmental authorities in relation to official land rezoning with an aim to optimise use of the Land and ancillary facilities, to increase gross developable area and saleable floor area mainly in high-rise residential area and to procure favorable revised land premium for additional gross developable area of the Land.

PROSPECTS

Despite ongoing uncertainties over the global economy outlook and the forecast of a slowdown in overall economic growth in China, it is anticipated that economic growth in China will remain solid along with official stimulative policies to spur positive economic and market sentiment, bolstering leasing demand and rental income of office and retail sectors.

In Beijing, leasing activities of retailers are forecasted to remain stable owing to retailers' eagerness to expand and capture more market share on the back of brisk domestic retail market. Meanwhile, the Group will continue to re-position its mall by upgrading tenant mix and brand portfolio for market niche with an aim to strengthen its competiveness for high occupancy rate and constant recurring revenue to the Group.

In Shanghai, although the slower growth in China economy may soften the demand of office space, given limited new office developments and the active momentum of office leasing of domestic financial and professional services firms in the prime location of Little Lujiazui, rental and occupancy rate are expected to remain steady. To procure high occupancy rate and steady recurring revenue, the Group will strive for retention and expansion of existing tenants upon lease renewals with competitive rental strategies.

In light of booming city development particularly the superb residential development in Nanshan District Shenzhen which is getting closer mix with Hong Kong, the Group will continuously endeavor to safeguard its best interests in Zhen Wah and to negotiate with the relevant government authorities in an attempt to enhance redevelopment plan and maximise 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 (2011: 2 Hong Kong cents) per share to the shareholders of the Company whose names appear on the register of members on 27 December 2012. 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 7 January 2013.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING AND FINAL DIVIDEND

For the purpose of ascertaining the rights of members to attend and vote at the forthcoming annual general meeting of the Company ("**AGM**") to be held on Friday, 14 December 2012, the register of members of the Company will be closed from Monday, 10 December 2012 to Friday, 14 December 2012 (both days inclusive). In order to be eligible to attend and vote at the AGM, 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 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 7 December 2012.

For the purpose of determining the entitlement of members to the proposed final dividend of the Company for the year ended 30 June 2012, the register of members of the Company will be closed from Thursday, 20 December 2012 to Thursday, 27 December 2012 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 19 December 2012.

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

Throughout the year ended 30 June 2012, the Company has complied with the code provisions of the Code on Corporate Governance Practices, which has been amended and renamed as Corporate Governance Code and Corporate Governance Report with effect from 1 April 2012, as set out in Appendix 14 to the Listing Rules.

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, 21 September 2012

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 Dr. FOK Kam Chu, John as Independent Non-executive Directors.