

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



DYNAMIC HOLDINGS LIMITED

達力集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 029)

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

CONTINUING CONNECTED TRANSACTIONS

As announced in the Announcement and the Circular, pursuant to the Deed of Mutual Covenant in respect of Eton Place which comprises, amongst others, the Property, the Property Management Company (being a member of the Eton Group) will act as the property manager to manage Eton Place (including the Property). Pursuant to the terms of the relevant property management contract, the appointment of Property Management Company to act as property manager to manage Eton Place (including the Property) was for a term of two years commencing from 1 October 2006 to 30 September 2008. Property Management Fees were payable by MOIL, a member of the Group, to the Property Management Company as property manager on the same terms binding on other owners of other parts of Eton Place calculated in accordance with the terms of the Deed of Mutual Covenant.

The Board announces that it was proposed that the term for appointment of Property Management Company to act as property manager to manage Eton Place (including the Property) be extended for a term of 3 years from 1 October 2008 to 30 September 2011.

Transactions contemplated under the Deed of Mutual Covenant between Eton Group and the Group constitute continuing connected transactions of the Company under the Listing Rules. The Company has on 13 March 2006 obtained the Independent Shareholders' approval in a special general meeting in respect of the transactions contemplated under the Deed of Mutual Covenant and their respective caps for the three financial years ending 30 June 2009. In addition, the annual cap in respect of the Continuing Connected Transactions for the financial year ending 30 June 2009 will be expiring.

GENERAL

As the Cap exceeds HK\$10 million and each or all of the applicable percentage ratios in respect of the Continuing Connected Transactions exceed 2.5%, the transactions contemplated under the Deed of Mutual Covenant constitute non-exempt continuing connected transactions of the Company under the Listing Rules. The Continuing Connected Transactions including the Cap will be subject to the reporting and announcement requirements and the approval of Independent Shareholders by way of poll in accordance with Rule 14A.35 of the Listing Rules.

The SGM will be held to consider and, if thought fit, pass the ordinary resolution(s) to approve the Continuing Connected Transactions including the Cap. The Controlling Shareholders will abstain from voting on the relevant resolution(s) to be proposed at the SGM to approve the Continuing Connected Transactions including the Cap.

An independent committee of the Board comprising the independent non-executive Directors will be established to consider the Continuing Connected Transactions including the Cap and an independent financial adviser will be appointed to advise the independent committee of the Board and the Independent Shareholders in respect of the terms of the Continuing Connected Transactions including the Cap.

A circular containing, amongst other things, (i) further information regarding the Continuing Connected Transactions including the Cap; (ii) the advice of the independent financial adviser to the independent committee of the Board and the Independent Shareholders in relation to the Continuing Connected Transactions including the Cap; (iii) the recommendation of the independent committee of the Board to the Independent Shareholders in relation to the Continuing Connected Transactions including the Cap; and (iv) a notice convening the SGM will be despatched to the Shareholders as soon as practicable.

BACKGROUND

Reference is made to the Announcement and the Circular. On 30 September 2006, completion of the Pre-Sale Contracts had taken place pursuant to which the Group had acquired the Property. As announced in the Announcement and the Circular, pursuant to the Deed of Mutual Covenant in respect of Eton Place which comprises, amongst others, the Property, the Property Management Company (being a member of the Eton Group) will act as the property manager to manage Eton Place (including the Property). Pursuant to the terms of the relevant property management contract, the appointment of Property Management Company to act as property manager to manage Eton Place (including the Property) was for a term of two years commencing from 1 October 2006 to 30 September 2008. Property Management Fees were payable by MOIL, a member of the Group, to the Property Management Company as property manager on the same terms binding on other owners of other parts of Eton Place calculated in accordance with the terms of the Deed of Mutual Covenant.

The Board announces that it was proposed that the term for appointment of Property Management Company to act as property manager to manage Eton Place (including the Property) be extended for a term of 3 years from 1 October 2008 to 30 September 2011.

Transactions contemplated under the Deed of Mutual Covenant between Eton Group and the Group constitute continuing connected transactions of the Company under the Listing Rules. The Company has on 13 March 2006 obtained the Independent Shareholders' approval in a special general meeting in respect of the transactions contemplated under the Deed of Mutual Covenant and their respective caps for the three financial years ending 30 June 2009. In addition, the annual cap in respect of the transactions contemplated under the Deed of Mutual Covenant for the financial year ending 30 June 2009 will be expiring. As the term of the relevant property management contract was for a term of two years commencing from 1 October 2006 to 30 September 2008, the annual caps for the Continuing Connected Transactions for the three financial years ending 30 June 2009 as approved by the shareholders of the Company on 13 March 2006 were HK\$12 million, HK\$12 million, and HK\$3 million, respectively.

CONTINUING CONNECTED TRANSACTIONS

Property management services in relation to Eton Place

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

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

However, in the event that the whole or any part of the Property is leased out to tenants, such tenants are expected to be responsible to pay for the Property Management Fees for the relevant part of the Property being leased out to such tenants pursuant to the lease agreements entered into between MOIL and such tenants. Notwithstanding the above, MOIL, as with the other owners of Eton Place, would also be liable for the Property Management Fees to be payable to the Property Management Company pursuant to the Deed of Mutual Covenant, in the event that any of the tenants have failed to comply with its obligations under the relevant lease agreements.

Currently, Property Management Fees of RMB28 (equivalent to approximately HK\$32) per square metre per month is payable in cash monthly in arrears by MOIL to the Property Management Company. After taking into consideration the expected rate of increase of management fees for the next three financial years, it is currently expected that the total maximum amount of Property Management Fees payable by MOIL on an annual basis for the next three financial years will be RMB12 million (equivalent to

approximately HK\$13.68 million) (before taking into account the Property Management Fees payable by the tenants in the event that the Property or any part thereof is leased out).

Listing Rules implications

Transactions contemplated under the Deed of Mutual Covenant between Eton Group and the Group constitute continuing connected transactions of the Company under the Listing Rules. As the Cap exceeds HK\$10 million and each or all of the applicable percentage ratios in respect of the Continuing Connected Transactions exceed 2.5%, the transactions contemplated under the Deed of Mutual Covenant constitute non-exempt continuing connected transactions of the Company under the Listing Rules. Therefore, the Continuing Connected Transactions including the Cap will be subject to the reporting and announcement requirements and the approval of Independent Shareholders by way of poll in accordance with Rule 14A.35 of the Listing Rules. The Controlling Shareholders will abstain from voting on the resolution(s) in respect of the Continuing Connected Transactions including the Cap at the SGM.

The Company will seek the approval by the Independent Shareholders at the SGM of the Continuing Connected Transactions including the Cap for the three financial years ending 30 June 2011. The Company will further comply with the annual review and disclosure requirements in respect of the Continuing Connected Transactions under Rules 14A.37 to 14A.41 of the Listing Rules. In the event that the Continuing Connected Transactions continue for a term which exceed a period of three financial years, the Company will comply with the relevant requirements under the Listing Rules where applicable, including the reporting and announcement requirements and the Independent Shareholders' approval requirements under Rule 14A.35 of the Listing Rules.

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, there has not been any previous transaction between the Group and Eton Group (and/or its beneficial owners) which may require aggregation under Rule 14A.25 of the Listing Rules.

Basis of determination of the Cap

The Cap for the Continuing Connected Transactions for each of the three financial years ending 30 June 2011 is determined based on the current amount of the Property Management Fees of RMB28 (equivalent to approximately HK\$32) per square metre per month, and the expected rate of increase of management fees for the next three financial years having regard to the inflation rate for the past year. It should be noted that the Property Management Fees are calculated on the same basis as property management fees payable by owners of other parts of Eton Place.

The Deed of Mutual Covenant is on normal commercial terms which are applicable to all owner(s) of Eton Place. The Board (excluding the independent non-executive Directors) considers that the Continuing Connected Transactions including the Cap are fair and reasonable and on normal commercial terms and are in the interest of the Company and the Shareholders as a whole.

GENERAL

The Group is principally engaged in property investment and development.

The SGM will be held to consider and, if thought fit, pass the ordinary resolution(s) to approve the Continuing Connected Transactions including the Cap. As at the date of this announcement, the Controlling Shareholders are interested in approximately 42.59% of the issued share capital of the Company. In addition, Mr. PASCUAL, is interested in approximately 0.04% of the issued share capital of the Company, and since he is the spouse to the niece of Mr. CHUA, Mr. PASCUAL is an associate of Mr. CHUA for the purpose of Chapter 14A of the Listing Rules. As such, the Controlling Shareholders together with Mr. PASCUAL and his associates will abstain from voting on the relevant resolution(s) to be proposed at the SGM to approve the Continuing Connected Transactions including the Cap. To the best of the Director's knowledge, information and belief having made all reasonable enquiries, no Shareholder (other than the Controlling Shareholders and Mr. PASCUAL and his associates) is required to abstain from voting on the relevant resolution(s) for approval of the Continuing Connected Transactions including the Cap.

An independent committee of the Board comprising the independent non-executive Directors will be established to consider the Continuing Connected Transactions including the Cap and an independent financial adviser will be appointed to advise the independent committee of the Board and the Independent Shareholders in respect of the terms of the Continuing Connected Transactions including the Cap. To the best of the Director's knowledge, information and belief having made all reasonable enquiries, none of the independent non-executive Directors (each proposed to be a member of the independent board committee) has any material interest in the Continuing Connected Transactions.

A circular containing, amongst other things, (i) further information regarding the Continuing Connected Transactions including the Cap; (ii) the advice of the independent financial adviser to the independent committee of the Board and the Independent Shareholders in relation to the Continuing Connected Transactions including the Cap; (iii) the recommendation of the independent committee of the Board to the Independent Shareholders in relation to the Continuing Connected Transactions including the Cap; and (iv) a notice convening the SGM will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 6 January 2006
“associate”	shall have the meaning ascribed to it in Chapters 1 and 14A of the Listing Rules
“Board”	board of the Directors

“Cap”	the maximum amount of the Property Management Fees payable by MOIL to the Property Management Company pursuant to the Deed of Mutual Covenant for each of the three financial years ending 30 June 2011, being RMB12 million (equivalent to approximately HK\$13.68 million)
“Circular”	the circular of the Company dated 24 February 2006
“Company”	Dynamic Holdings Limited (stock code: 029), a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange
“Continuing Connected Transactions”	transactions contemplated under the Deed of Mutual Covenant
“Controlling Shareholders”	Mr. CHUA and his associates
“Deed of Mutual Covenant”	a deed of mutual covenant relating to the management of Eton Place binding upon MOIL and other owners of Eton Place with the Developer, as it may be amended, supplemented or replaced from time to time, including any property management agreements concluded pursuant to the terms thereof
“Developer”	上海齊茂房地產開發有限公司 (Shanghai Supreme Trade Property Development Co., Ltd.*), a wholly foreign owned enterprise established in Shanghai, the PRC, the entire equity interests of which are indirectly wholly owned by Eton Properties
“Directors”	directors of the Company
“Eton Group”	Eton Properties and its subsidiaries
“Eton Properties”	Eton Properties Group Limited, a company incorporated in the British Virgin Islands which is controlled by the Controlling Shareholders
“Eton Place”	裕景國際商務廣場 (Eton Place*), No. 69 Dongfang Road, Pudong New Area, Shanghai, the PRC
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HK cent”	Hong Kong cent, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholders other than the Controlling Shareholders and Mr. PASCUAL and his associates

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOIL”	Move On International Limited (智啟國際有限公司), a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Mr. CHUA”	Mr. CHUA Domingo, the Chairman, Executive Director and substantial shareholder of the Company
“Mr. PASCUAL”	Mr. PASCUAL Ramon Sy, an executive Director and the spouse to the niece of Mr. CHUA
“percentage ratios”	shall have the meaning as ascribed to it in the Listing Rules
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Pre-Sale Contracts”	182 sets of pre-sale contracts in respect of the pre-sale of the Property entered into between the Developer and MOIL between 22 and 30 December 2005
“Property”	182 office units located at 7th Floor to 22nd Floor (without 13th and 14th Floors) of the West Tower of Eton Place, with a total gross floor area of approximately 30,188 square metres
“Property Management Company”	伊頓物業管理 (上海) 有限公司 (Eton Property Management (Shanghai) Company Limited*), a wholly foreign owned enterprise established in the PRC and an indirect wholly-owned subsidiary of Eton Properties
“Property Management Fees”	the management fees payable by MOIL to the Property Management Company as property manager of Eton Place calculated in accordance with the terms of the Deed of Mutual Covenant and related documents
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	a special general meeting of the Company to be convened and held to approve the Continuing Connected Transactions including the Cap
“Share(s)”	ordinary share(s) of HK\$1.00 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“substantial shareholder”

shall have the meaning ascribed to it in the Listing Rules

“%” or “per cent”

percentage

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

Hong Kong, 10 September 2008

As at the date of this announcement, the Board comprises Mr. CHUA Domingo, Dr. CHAN Wing Kit, Frank, Mr. TANENGLIAN Mariano 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 Ms. SALAZAR Lourdes Apostol as Independent Non-Executive Directors.

For the purpose of this announcement, conversion of Renminbi into Hong Kong dollar is calculated at the exchange rate of RMB0.877 to HK\$1.00. Such conversion has been included for the purpose of illustration only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this or any other rate.

* *For identification purpose only*