DYNAMIC HOLDINGS LIMITED
達力集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 029)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

INTERIM RESULTS

The Board of Directors (the "**Directors**") of Dynamic Holdings Limited (the "**Company**") is pleased to announce that the unaudited consolidated results of the Company and its subsidiaries (the "**Group**") for the six months ended 31 December 2009 together with comparative figures for the corresponding period in 2008 are as follows:

Condensed Consolidated Income Statement

		Unaudited Six months ended 31 December	
	Notes	**2009** *HK$'000*	2008 *HK$'000*
Turnover	*3*	**58,469**	38,449
Cost of sales		**(16,712)**	(3,648)
Gross profit		**41,757**	34,801
Other income	*4*	**11,629**	10,484
Decrease in fair value of investment properties		**–**	(50,300)
Administrative expenses		**(18,939)**	(22,691)
Finance costs	*6*	**(1,251)**	(5,318)
Share of (loss) profit of a jointly controlled entity		**(3,421)**	3,819
Profit (Loss) before taxation		**29,775**	(29,205)
Taxation	*7*	**(6,378)**	6,285
Profit (Loss) for the period		**23,397**	(22,920)
Attributable to:			
Owners of the Company		**23,108**	(22,085)
Non-controlling interests		**289**	(835)
		23,397	(22,920)
Basic earnings (loss) per share *(Hong Kong cents)*	*8*	**10.55**	(10.08)

Condensed Consolidated Statement of Comprehensive Income

	Unaudited Six months ended 31 December	
	2009	2008
	HK$'000	*HK$'000*
Profit (Loss) for the period	**23,397**	(22,920)
Other comprehensive income		
Exchange difference on translation to presentation currency	**2,296**	(15,897)
Total comprehensive income (expense) for the period	**25,693**	(38,817)
Total comprehensive income (expense) attributable to:		
Owners of the Company	**25,370**	(37,746)
Non-controlling interests	**323**	(1,071)
	25,693	(38,817)

Condensed Consolidated Statement of Financial Position

	Notes	**Unaudited At 31 December 2009 HK$'000**	Audited At 30 June 2009 HK$'000
Non-current Assets			
Property, plant and equipment		**3,274**	3,568
Investment properties	*10*	**1,519,626**	1,517,816
Interest in a jointly controlled entity	*11*	**45,973**	49,335
Amount due from a jointly controlled entity	*11*	**222,205**	215,572
Other receivables		**3,294**	8,352
		1,794,372	1,794,643
Current Assets			
Properties held for sale		**52,716**	67,836
Loan receivables		**–**	–
Trade and other receivables	*12*	**16,988**	32,076
Amounts due from non-controlling shareholders		**869**	868
Bank deposits – pledged		**12,772**	12,303
Bank balances and cash		**163,099**	144,445
		246,444	257,528
Current Liabilities			
Trade and other payables	*13*	**51,696**	55,402
Pre-sale deposits received		**7,292**	6,478
Amount due to a related company – due within one year		**–**	9,918
Tax payable		**106,803**	103,544
Bank loans – due within one year		**49,100**	50,000
		214,891	225,342
Net Current Assets		**31,553**	32,186
Total Assets less Current Liabilities		**1,825,925**	1,826,829

	Unaudited At 31 December 2009 *HK$'000*	Audited At 30 June 2009 *HK$'000*
Capital and Reserves		
Share capital	**219,104**	219,104
Reserves	**1,232,568**	1,211,580
Equity attributable to owners of the Company	**1,451,672**	1,430,684
Non-controlling interests	**28,113**	27,790
Total Equity	**1,479,785**	1,458,474
Non-current Liabilities		
Bank loans – due after one year	**253,300**	275,500
Deferred tax liabilities	**92,840**	92,855
	346,140	368,355
	1,825,925	1,826,829

Notes:

1. Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumption that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The condensed consolidated financial statements of the Group for the six months ended 31 December 2009 are unaudited and have been reviewed by the Audit Committee of the Company.

2. Principal accounting policies

The condensed consolidated financial statements have been prepared under the historical cost basis, except for investment properties and financial instruments, which are measured at fair values, as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those applied in the preparation of the annual financial statements of the Group for the year ended 30 June 2009 except as described below.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments to HKAS and interpretations ("**HK(IFRIC)-Int**") (collectively "**HKFRSs**") issued by the HKICPA, which are effective for the Group's accounting period beginning on 1 July 2009. The adoption of these new HKFRSs has had no material effect on the results and financial position of the Group for the current or prior accounting periods save for those described below.

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	Transfer of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009

The application of the new and revised HKFRSs had the following effect on the condensed consolidated financial statements of the Group.

HKAS 1 (Revised) Presentation of Financial Statements

HKAS 1 (Revised) has introduced terminology changes (including revised titles for the condensed consolidated financial statements) and changes in the format and content of the condensed consolidated 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 revenue and segment profit or loss (see note 3).

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]
HKAS 24 (Revised)	Related Party Disclosure[2]
HKAS 32 (Amendment)	Classification of Rights Issues[3]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[1]
HKFRS 1 (Amendment)	Limited Exemptions from Comparative HKFRS 7 Disclosures for First-time Adopters[5]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[1]
HKFRS 9	Financial Instruments[4]
HK(IFRIC)-Int 14 (Amendment)	Prepayments of Minimum Funding Requirement[2]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[5]

[1] Effective for annual periods beginning on or after 1 January 2010
[2] Effective for annual periods beginning on or after 1 January 2011
[3] Effective for annual periods beginning on or after 1 February 2010
[4] Effective for annual periods beginning on or after 1 January 2013
[5] Effective for annual periods beginning on or after 1 July 2010

The Group is in the process of making an assessment of the potential impact of these standards, amendments and interpretations and the Directors of the Company so far concluded that the application of these standards, amendments and interpretations will have no material impact on the results and the financial position of the Group.

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 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 reportable segments determined in accordance with HKAS 14.

The Board as the chief operating decision maker manages its businesses according to the nature of services and products provided. Two reportable operating segments have been determined for the measurement of performance and the allocation of resources. The segments are property rental and property sales. Property rental are further segmented into those arising from Beijing and Shanghai in the People's Republic of China ("**PRC**").

Property rental segment includes property leasing operation in the PRC. The Group's investment properties portfolio which mainly consists of offices, shopping mall and carparks are located in Beijing and Shanghai. Properties sales segment includes sale of the Group's trading properties in Beijing.

The Board evaluates performance primarily based on profit after taxation.

The following is an analysis of the Group's revenue and results by reportable segment for the period:

	Property rental				Property sales		Consolidated	
	Beijing		Shanghai					
	Unaudited Six months ended 31 December							
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
TURNOVER								
External sales	**10,774**	11,958	**25,330**	25,827	**22,365**	664	**58,469**	38,449
SEGMENT RESULT	**2,085**	(22,387)	**25,688**	5,875	**7,152**	(1,381)	**34,925**	(17,893)
Other income							**6,544**	116
Corporate administrative costs							**(7,022)**	(9,929)
Finance costs							**(1,251)**	(5,318)
Share of (loss) profit of a jointly controlled entity							**(3,421)**	3,819
Profit (Loss) before taxation							**29,775**	(29,205)
Taxation							**(6,378)**	6,285
Profit (Loss) for the period							**23,397**	(22,920)

Turnover arising from property sales of HK$22,365,000 (2008: from property rental of HK$37,785,000) included turnover of approximately HK$10,779,000 (2008: HK$5,360,000 from property rental) which arose from sales to the Group's largest customer.

4. Other income

	Unaudited Six months ended 31 December	
	2009	2008
	HK$'000	*HK$'000*
Included in other income are:		
Bank interest income	**572**	768
Exchange gain, net	**240**	60
Gain in receivable for vendor's undertakings	**1,347**	4,947
Imputed interest income on other receivables	**1,174**	1,501
Imputed interest income on amount due from a jointly controlled entity	**6,384**	–

5. Depreciation and amortisation

	Unaudited Six months ended 31 December	
	2009	2008
	HK$'000	*HK$'000*
Profit (Loss) before taxation has been arrived at after charging the following items:		
Depreciation	**394**	404
Amortisation of prepaid lease payments	**–**	229

6. Finance costs

	Unaudited Six months ended 31 December	
	2009	2008
	HK$'000	*HK$'000*
Interest on bank borrowings wholly repayable within five years	**1,129**	4,960
Imputed interest expense on amount due to a related company	**122**	358
	1,251	5,318

7. Taxation

	Unaudited Six months ended 31 December	
	2009	2008
	HK$'000	*HK$'000*
The tax charge comprises:		
PRC enterprise income tax		
Current period	**5,948**	3,369
PRC land appreciation tax ("**LAT**")	**890**	18
Deferred tax liabilities		
Current period	**(460)**	(9,672)
	6,378	(6,285)

PRC enterprise income tax and LAT are calculated at the rates prevailing in the PRC.

Deferred tax has been provided on temporary differences using the current applicable rate.

8. Basic earnings (loss) per share

The calculation of basic earnings (loss) per share attributable to owners of the Company is based on the profit attributable to owners of the Company of HK$23,108,000 (2008: loss of HK$22,085,000) for the period and on 219,103,681 (2008: 219,103,681) ordinary shares in issue throughout the period.

No diluted earnings (loss) per share is shown as there is no dilutive effect on the earnings per share for both periods.

9. Dividends

	Unaudited Six months ended 31 December	
	2009	2008
	HK$'000	*HK$'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 declared in respect of six months ended 31 December 2009 of 2 Hong Kong cents (2008: 2 Hong Kong cents) per share	**4,382**	4,382
	8,764	10,955

10. Investment properties

	HK$'000
FAIR VALUE	
At 30 June 2009 (audited)	1,517,816
Exchange realignment	1,810
Change in fair value	–
At 31 December 2009 (unaudited)	**1,519,626**

The fair value of investment properties at the date of statement of financial position was determined by reference to a valuation carried out by Savills Valuation and Professional Services Limited, independent qualified professional valuers not connected with the Group, on an open market value basis with reference to market evidence of transaction prices for similar properties and the net rental income after taking into account reversionary income potential. The revaluation gave rise to change in fair value of HK$Nil (2008: a net loss of HK$50,300,000) which has been charged to the condensed consolidated income statement.

11. Interest in and amount due from a jointly controlled entity

	Unaudited At 31 December 2009	Audited At 30 June 2009
	HK$'000	*HK$'000*
Cost of investment, unlisted	**56,875**	56,875
Share of post-acquisition loss and reserves	**(10,902)**	(7,540)
	45,973	49,335
Amount due from a jointly controlled entity	**229,575**	222,942
Less: Allowance for interest receivable	**(7,370)**	(7,370)
	222,205	215,572

The amount due from a jointly controlled entity is unsecured and repayable after the next twelve months from the date of statement of financial position. The amount is carried at amortised cost at an effective interest rate of 6% per annum.

A summarised financial information in respect of the Group's jointly controlled entity which is accounted for using the equity method is set out below:

	Unaudited At 31 December 2009	Audited At 30 June 2009
	HK$'000	*HK$'000*
Non-current assets *(note)*	**246,829**	248,557
Current assets	**37,871**	36,216
Current liabilities	**(10,925)**	(10,715)
Non-current liabilities	**(222,205)**	(215,572)
	51,570	58,486

	Unaudited Six months ended 31 December	
	2009	2008
	HK$'000	*HK$'000*
Income	**3,772**	13,854
Expenses	**10,423**	5,342

Note: The assets include properties held for development which represent prepaid lease payments of land use rights and direct reclamation costs for a piece of land situated at Tung Kok Tau in Shenzhen, the PRC with the land use right. The jointly controlled entity has paid all land premium and is in the process of negotiating with relevant government authorities for redevelopment taken into account of re-zoning and re-planning of the city on which the properties are located.

12. Trade and other receivables

At 31 December 2009, 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$4,885,000 (30 June 2009: HK$13,836,000) with collateral of properties and are measured at amortised cost at an effective interest rate of 5.85% (30 June 2009: 5.85%) and an amount receivable as at 31 December 2009 for vendor's undertakings of HK$335,000 (30 June 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 to its customers. Rental receivable from tenants and service income receivables from customers are payable on presentation of invoices. The aged analysis of trade receivables, net of allowance for doubtful debt is as follows:

	Unaudited At 31 December 2009 *HK$'000*	Audited At 30 June 2009 *HK$'000*
0 – 60 days	**10,118**	11,335
61 – 90 days	**47**	314
Over 90 days	**156**	1,353
	10,321	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.

13. Trade and other payables

At 31 December 2009, the balance of trade and other payables included trade payables of HK$2,227,000 (30 June 2009: HK$2,403,000). The aged analysis of trade payables is as follows:

	Unaudited At 31 December 2009 *HK$'000*	Audited At 30 June 2009 *HK$'000*
0 – 60 days	**97**	281
Over 60 days	**2,130**	2,122
	2,227	2,403

The other payables mainly include rental deposits of HK$20,520,000 (30 June 2009: HK$21,871,000) and receipt in advance of HK$3,136,000 (30 June 2009: HK$4,677,000).

14. Comparative figures

Certain comparative figures have been reclassified to conform to current period presentation. These reclassifications have no effect on the overall results or financial position of the Group.

RESULTS REVIEW

For the six months ended 31 December 2009, the turnover of the Group rose 52% to HK$58,469,000 (2008: HK$38,449,000), and the gross profit for the period grew 20% to HK$41,757,000 (2008: HK$34,801,000) as compared to the previous corresponding period. These results were mainly attributable to the rental income of investment properties and proceeds of property sales of the Group.

In addition, the Group recorded other income in the sum of HK$11,629,000 (2008: HK$10,484,000) including, among others, the imputed interest income and final three-month guaranteed rental income of investment properties in Shanghai as provided by the vendor in the period.

After all, the Company showed turnaround profit of HK$23,108,000 (2008: loss of HK$22,085,000) for the period attributable to its owners with earnings per share of HK$0.1055 (2008: loss per share of HK$0.1008), primarily due to the stablisation of the overall fair value of investment properties of the Group without further provision of depreciation made in the period under review.

Taken into account of other comprehensive income of exchange gain on translation to presentation currency, the total comprehensive income attributable to owners of the Company aggregated to HK$25,370,000 (2008: expense of HK$37,746,000).

BUSINESS REVIEW

In the period under review, the Group improved results of its operating segments in terms of property rental and property sales in the mainland China, pursuant to the economy and property market in China emerged from economic recession after global financial turmoil.

The rental income of the Group generated from its investment properties in Shanghai and Beijing amounted to HK$36,104,000 (2008: HK$37,785,000), which contributed 61.8% to the aggregate turnover of the Group. The segment results of property rental surged to a profit of HK$27,773,000 (2008: loss of HK$16,512,000), of which HK$25,688,000 was arisen from investment properties in Shanghai with the balance from those in Beijing, and it was in that the overall fair value of investment properties of the Group became stable under resurgent market in the period.

In Shanghai, the pressure on fall in rental and rise in vacancy rate persisted in the face of abundant newly completed high-quality office buildings which offered competitive rental to attract tenants. And the Group endeavored to sustain high occupancy rate of its quality offices known as “Eton Place” situated in Pudong, with insignificantly reduced rental income in an aggregate of HK$25,330,000 (2008: HK$25,827,000), supported by the final three-month guaranteed income of HK$1,347,000 (2008: HK$4,947,000) as provided by the vendor in the period.

In Beijing, the substantial increase in supply of retail properties prior to and immediately after the Olympics, in conjunction with cooling market sentiment thereafter, resulted in rising vacancy rates and forcing lower rent. The "Uptown Mall" of the Group strived for high level of occupancy with mildly decreased rental turnover and rental concession, and the total rental income was HK$10,774,000 (2008: HK$11,958,000) in the period under review.

Moreover, the residential market in Beijing witnessed robust demand that accelerated the sales volume and price level of remaining unsold residential units of Chaoyang Garden developed by the Group. The Group accounted for net proceeds of property sales in the sum of HK$22,365,000 (2008: HK$664,000), which contributed 38.2% to the total turnover of the Group, while the segment results climbed to HK$7,152,000 (2008: loss of HK$1,381,000) as against the loss of the previous corresponding period.

As disclosed in the previous annual report of the Company, the Group lodged a petition for international arbitration in July 2009, claiming against the Chinese joint venture 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 in Shenzhen), for its specific performance under a shareholders' agreement that was previously awarded as legally valid and effective, which stipulated, among others, the increase of equity interests of the Group in Zhen Wah to 80%. The hearing was held on 4 September 2009. Meanwhile, the result of arbitration hearing is pending the grant of the arbitral award, which has been deferred to the end of March 2010.

PROSPECTS

Since the economic and property market ambience in China is resilient to economic slowdown, along with the opening of the World Expo 2010 in Shanghai this summer and improving household disposable income in Beijing, it is anticipated that a recovery in leasing demand will improve vacancy rates across office and commercial sectors gradually and the decline in rents will begin to subside.

Yet, the influx of newly completed office buildings, together with the previous low absorption of vacant office spaces in Pudong will incur active market for upgrading and relocating to these new office spaces offering lower rentals, which will constrain to a certain extent the pick-up rate and rental levels of the office units of the Group.

In Beijing, the ample supply of malls in particular in Chaoyang District will still impose downward pressure on the occupancy rate as well as rent levels of the mall of the Group. Meanwhile, it is anticipated that property sales will likely continue on an upward trend, boosted by recent soaring land prices and planned infrastructure improvements in the city over the next year.

Nevertheless, the Group will continue to be responsive to the volatile market via professional management, cost effectiveness as well as strategic market positioning. In addition, it will procure competitive leasing terms, appropriate tenant mix and brand portfolio as well as diversified theme operations to bolster the leasing and optimize the market niche of the mall, with striving rental and concession terms to retain tenants upon renewals and lure new tenants of the office units, so as to enhance the overall asset value and income of the Group.

The Group will endeavor to safeguard its best interests in the stake in Zhen Wah and continue to strive for better redevelopment plan and value of Tung Kok Tau in Shenzhen in alignment with the official rezoning and reclamation, city planning and construction of Shenzhen Metro in the region.

INTERIM DIVIDEND

The Directors have declared an interim dividend of 2 Hong Kong cents (2008: 2 Hong Kong cents) per share for the six months ended 31 December 2009 to all shareholders whose names appear on the register of members of the Company on 16 April 2010. The dividend warrants are expected to be despatched to those entitled on or about 4 May 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 12 April 2010 to Friday, 16 April 2010, both days inclusive, during which period no transfer of share(s) will be effected. In order to qualify for the interim dividend, all form(s) of share transfer accompanied by the relevant share certificate(s) must be lodged with the Company's Branch Share Registrars 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, 9 April 2010.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period, 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 with the code provisions in the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules throughout the six months ended 31 December 2009.

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

Hong Kong, 19 March 2010

As at the date of this announcement, the Directors of the Company comprise 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 Ms. SALAZAR Lourdes Apostol as Independent Non-executive Directors.