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 2011

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 2011 together with comparative figures for the corresponding period in 2010 are as follows:

Condensed Consolidated Statement of Comprehensive Income

		Unaudited Six months ended 31 December	
		2011	2010
	Notes	***HK$'000***	*HK$'000*
Turnover	*3*	**50,813**	37,347
Direct costs		**(14,978)**	(12,623)
Gross profit		**35,835**	24,724
Other income	*4*	**18,281**	15,189
Increase in fair value of investment properties		**34,274**	21,642
Administrative expenses		**(20,107)**	(10,754)
Finance costs	*6*	**(2,412)**	(1,207)
Share of loss of a jointly controlled entity		**(3,248)**	(3,609)
Profit before taxation		**62,623**	45,985
Taxation	*7*	**(11,187)**	(7,179)
Profit for the period		**51,436**	38,806
Other comprehensive income			
Exchange difference on translation to presentation currency		**43,906**	37,565
Total comprehensive income for the period		**95,342**	76,371

	Note	Unaudited Six months ended 31 December **2011** *HK$'000*	2010 *HK$'000*
Profit for the period attributable to:			
Owners of the Company		**50,320**	37,730
Non-controlling interest		**1,116**	1,076
		51,436	38,806
Total comprehensive income attributable to:			
Owners of the Company		**93,408**	74,531
Non-controlling interest		**1,934**	1,840
		95,342	76,371
Earnings per share *(Hong Kong cents)*	*8*		
Basic		**22.97**	17.22
Diluted		**22.87**	17.22

Condensed Consolidated Statement of Financial Position

	Notes	**Unaudited At 31 December 2011 *HK$'000***	Audited At 30 June 2011 *HK$'000*
Non-current Assets			
Property, plant and equipment		**2,342**	2,447
Investment properties	*10*	**1,722,709**	1,645,704
Interest in a jointly controlled entity	*11*	**64,968**	65,759
Amount due from a jointly controlled entity	*11*	**240,800**	228,154
Other receivables		**–**	–
		2,030,819	1,942,064
Current Assets			
Properties held for sale		**30,481**	32,736
Loan receivables		**–**	–
Trade and other receivables	*12*	**18,287**	15,394
Amount due from a non-controlling shareholder		**943**	920
Bank deposits – pledged		**19,060**	60,734
Bank balances and cash		**162,866**	97,761
		231,637	207,545
Current Liabilities			
Trade and other payables	*13*	**58,329**	58,565
Pre-sale deposits received		**894**	2,257
Tax payable		**101,156**	97,977
Bank loans – due within one year		**25,000**	79,490
		185,379	238,289
Net Current Assets (Liabilities)		**46,258**	(30,744)
Total Assets less Current Liabilities		**2,077,077**	1,911,320
Capital and Reserves			
Share capital		**219,104**	219,104
Reserves		**1,492,237**	1,394,998
Equity attributable to owners of the Company		**1,711,341**	1,614,102
Non-controlling interest		**33,293**	31,359
Total Equity		**1,744,634**	1,645,461
Non-current Liabilities			
Bank loans – due after one year		**218,750**	160,210
Deferred tax liabilities		**113,693**	105,649
		332,443	265,859
		2,077,077	1,911,320

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 2011 are unaudited and have been reviewed by the audit committee of the Company.

Certain comparative figures have been reclassified to conform with the current period's presentation.

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 2011 except as described below.

In the current period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("**new and revised standards**") issued by HKICPA.

HKFRSs (Amendments)	Improvements to HKFRSs 2010 except for the amendments to HKAS 27 and HKFRS 3
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets
HKAS 24 (Revised 2009)	Related Party Disclosures
HK (IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement

The adoption of the above new and revised standards has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements of the Group.

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

HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities[3]
HKFRS 9	Financial Instruments[5]
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[2]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[1]
HKAS 19 (Revised 2011)	Employee Benefits[3]
HKAS 27 (Revised 2011)	Separate Financial Statements[3]
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures[3]
HKAS 32 (Amendments)	Presentation – Offsetting Financial Assets and Financial Liabilities[4]
HK(IFRIC) – 20	Stripping Costs in the Production Phase of a Surface Mine[3]

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

The Group is in the process of making an assessment of the potential impact of these new and revised standards, and the Directors so far concluded that save for those disclosed in the notes to the consolidated financial statements in the annual report of the Company for the year ended 30 June 2011, the application of other new and revised standards will have no material impact on the results and the 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 "Operating Segments".

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		Beijing			
	Unaudited Six months ended 31 December							
	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	**15,782**	13,292	**25,624**	22,050	**9,407**	2,005	**50,813**	37,347
SEGMENT RESULT	**21,595**	28,148	**42,168**	17,208	**8,054**	2,015	**71,817**	47,371
Unallocated other income							**14,897**	13,599
Unallocated corporate expenses							**(18,431)**	(10,169)
Finance costs							**(2,412)**	(1,207)
Share of loss of a jointly controlled entity							**(3,248)**	(3,609)
Profit before taxation							**62,623**	45,985

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 Directors for the purposes of resources allocation and performance assessment.

Turnover arising from property sales of HK$9,407,000 (2010: from property rental of HK$35,342,000) included turnover of approximately HK$6,478,000 (2010: HK$5,572,000 from property rental) which was contributed by the Group's largest customer.

4. OTHER INCOME

	Unaudited Six months ended 31 December	
	2011	2010
	HK$'000	*HK$'000*
Included in other income are:		
Bank interest income	**1,885**	200
Exchange gain, net	**6,140**	6,889
Imputed interest income on other receivables	**131**	242
Imputed interest income on amount due from a jointly controlled entity	**6,885**	6,509

5. DEPRECIATION AND AMORTISATION

	Unaudited Six months ended 31 December	
	2011	2010
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging the following items:		
Depreciation	**215**	317
Amortisation	**–**	–

6. FINANCE COSTS

	Unaudited Six months ended 31 December	
	2011	2010
	HK$'000	*HK$'000*
Interest on bank borrowings wholly repayable within five years	**2,412**	1,207

7. TAXATION

	Unaudited Six months ended 31 December **2011** ***HK$'000***	 2010 *HK$'000*
The tax charge comprises:		
Income tax in the PRC (other than Hong Kong)		
Current period	**5,501**	3,233
PRC land appreciation tax ("**LAT**")	**790**	–
Deferred tax liabilities		
Current period charge	**4,896**	3,946
	11,187	7,179

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. EARNINGS PER SHARE

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

	Unaudited Six months ended 31 December **2011** ***HK$'000***	 2010 *HK$'000*
Profit for the period attributable to owners of the Company for the purposes of basic and diluted earnings per share	**50,320**	37,730

	Number of shares Unaudited Six months ended 31 December **2011**	 2010
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**219,103,681**	219,103,681
Effect of dilutive potential ordinary shares – share options	**892,194**	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**219,995,875**	219,103,681

9. DIVIDENDS

	Unaudited Six months ended 31 December **2011** *HK$'000*	2010 *HK$'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 declared in respect of six months ended 31 December 2011 of 2 Hong Kong cents (2010: 2 Hong Kong cents) per share	**4,382**	4,382
	8,764	8,764

10. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 30 June 2011 (audited)	1,645,704
Exchange realignment	42,731
Increase in fair value	34,274
At 31 December 2011 (unaudited)	**1,722,709**

The fair value of the Group's investment properties as at 31 December 2011 and 30 June 2011 has been arrived at on the basis of valuations carried out on that dates 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$34,274,000 (2010: HK$21,642,000) which has been credited to profit or loss. All the investment properties are situated in the PRC under medium-term lease.

11. INTEREST IN AND AMOUNT DUE FROM A JOINTLY CONTROLLED ENTITY

	Unaudited At 31 December 2011 ***HK$'000***	Audited At 30 June 2011 *HK$'000*
Cost of investment, unlisted	**86,220**	84,522
Share of post-acquisition loss and reserves	**(21,252)**	(18,763)
	64,968	65,759
Amount due from a jointly controlled entity	**248,170**	235,524
Less: Allowance for interest receivable	**(7,370)**	(7,370)
	240,800	228,154

The amount due from a jointly controlled entity is unsecured and repayable after the next twelve months from the end of reporting period. The amount is carried at amortised cost at an effective interest rate of 6% (30 June 2011: 6%) per annum. As at 31 December 2011, the amount was partially impaired in respect of the interest receivable of HK$7,370,000 (30 June 2011: HK$7,370,000).

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 2011 *HK$'000*	Audited At 30 June 2011 *HK$'000*
Non-current assets *(note)*	**258,214**	253,986
Current assets	**54,198**	50,190
Current liabilities	**(14,687)**	(14,019)
Non-current liabilities	**(240,800)**	(228,154)
	56,925	62,003

	Unaudited Six months ended 31 December	
	2011 *HK$'000*	2010 *HK$'000*
Income recognised in profit or loss	**5,743**	3,786
Expenses recognised in profit or loss	**11,672**	10,870
Other comprehensive income	**1,549**	1,327

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 due to the rezoning and re-planning of the city on which the properties are located.

12. TRADE AND OTHER RECEIVABLES

At 31 December 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$208,000 (30 June 2011: HK$979,000) with collateral of properties and are measured at amortised cost at an effective interest rate of 5.85% (30 June 2011: 5.85%). For property sales, other than home loans, the Group allows an average credit period of 30 days (30 June 2011: 30 days) to its buyers. Rental 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:

	Unaudited At 31 December 2011 *HK$'000*	Audited At 30 June 2011 *HK$'000*
0 – 60 days	**12,251**	*9,926*
Over 60 days	**–**	22
	12,251	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. 97% (30 June 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 balance are debtors with a carrying amount of HK$322,000 (30 June 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 31 days (30 June 2011: 32 days) overdue.

13. TRADE AND OTHER PAYABLES

At 31 December 2011, the balance of trade and other payables included trade payables of HK$1,908,000 (30 June 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:

	Unaudited At 31 December 2011 *HK$'000*	Audited At 30 June 2011 *HK$'000*
0 – 60 days	**1,467**	547
Over 60 days	**441**	2,244
	1,908	2,791

The other payables mainly include rental deposits of HK$24,661,000 (30 June 2011: HK$24,139,000) and receipt in advance of HK$4,282,000 (30 June 2011: HK$3,525,000).

RESULTS REVIEW

For the six months ended 31 December 2011, the Group reported a turnover of HK$50,813,000 (2010: HK$37,347,000) and a gross profit of HK$35,835,000 (2010: HK$24,724,000). Both the turnover and gross profit markedly increased by about 36% and 45% respectively, as compared with the last corresponding period. These results were primarily derived from rental income of investment properties and sales proceeds of properties of the Group as further described below. Furthermore, the Group accounted for other income of HK$18,281,000 (2010: HK$15,189,000), which mainly includes exchange gain and imputed interest, and the Group also recognised an aggregate increase of HK$34,274,000 (2010: HK$21,642,000) in the fair value of its investment properties for the period.

All in all, the profit for the period attributable to owners of the Company totaling HK$50,320,000 (2010: HK$37,730,000) soared by 33% as against the last corresponding period, with basic earnings per share of HK$0.2297 (2010: HK$0.1722).

Together with other comprehensive income of exchange difference on translation to presentation currency, the total comprehensive income attributable to owners of the Company amounted to HK$93,408,000 (2010: HK$74,531,000) for the period, showing a rise of 25% from the last corresponding period.

BUSINESS REVIEW

In the period under review, the turnover and results of the Group continued to be principally generated from its operating segment in terms of property rental in the mainland China.

The rental income of the Group stemmed from its investment properties in Shanghai and Beijing amounted to HK$41,406,000 (2010: HK$35,342,000), which represents about 81% of revenue income of the Group in the period. In terms of fair value, these investment properties of the Group comprising, among others, shopping mall in Beijing and office units in Shanghai appreciated in an aggregate of HK$34,274,000 (2010: HK$21,642,000) in the period. As such, the segment results of property rental recorded a profit of HK$63,763,000 (2010: HK$45,356,000), with a surge of 41% as compared with the last corresponding period.

In Shanghai, leasing demand and net take-up remained buoyant in the office market, thereby accelerating a high occupancy rate for the quality offices of the Group known as "Eton Place" which is in the prime location of Little Lujiazui of Pudong, resulting in an increase in both rental and capital value, and boosting the segment results with an aggregate profit of HK$42,168,000 (2010: HK$17,208,000) in the period.

In Beijing, the well-established community mall of the Group known as "Uptown Mall" enjoyed virtually full level of occupancy with mildly improved rental of HK$15,782,000 (2010: HK$13,292,000), contributing to the segment results with an aggregate profit of HK$21,595,000 (2010: HK$28,148,000) in the period.

In view of limited residential units available for sale by the Group, the proceeds of property sales amounted to HK$9,407,000 (2010: HK$2,005,000) resulting in the segment results with an aggregate profit of HK$8,054,000 (2010: HK$2,015,000) albeit the official stringent home-buying measures imposed in China in the period.

In respect of the jointly controlled entity 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 in Shenzhen), the Group and the Chinese partner of Zhen Wah have been continuing to jointly negotiate with the municipal governmental authorities on behalf of Zhen Wah in relation to land re-planning with an aim 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 procure favorable revised land premium for additional gross developable area.

PROSPECTS

Despite uncertainties over the volatile global financial market and the forecast of a slowdown in global economic growth, it is expected that a positive and robust outlook for economic growth in China will subsist, bolstering leasing demand and rental income of office and retail sectors notwithstanding the official cooling-down policies imposed in China to cure residential market and inflationary pressure.

In Shanghai, given the active momentum of office leasing in the prime locations, rental and occupancy rate are expected to hold firm. To sustain high occupancy rate and steady recurring revenue, the Group will strive for retention and expansion of existing tenants upon lease renewals at competitive rental strategies.

In Beijing, both foreign- and local-branded retailers will continue to set up and expand on the back of brisk domestic retail market. Meanwhile, the Group will consistently re-position its mall by upgrading tenant mix and brand portfolio as well as shopping environment with an aim to strengthen its competitiveness for high occupancy rate and constant recurring revenue to the Group.

In light of booming city development particularly the superb residential development in Nanshan District in Shenzhen, the Group will 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.

INTERIM DIVIDEND

The Directors have declared an interim dividend of 2 Hong Kong cents (2010: 2 Hong Kong cents) per share for the six months ended 31 December 2011 to all shareholders whose names appear on the register of members of the Company on 20 April 2012. The dividend warrants are expected to be despatched to those entitled on or about 4 May 2012.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 16 April 2012 to Friday, 20 April 2012, 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, 13 April 2012.

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 applied the principles and 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 2011.

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

Hong Kong, 24 February 2012

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