DYNAMIC HOLDINGS LIMITED
達力集團有限公司

(Incorporated in Bermuda with limited liability)
(在百慕達註冊成立之有限公司)

Stock Code 股份代號 : 29

中期報告 INTERIM REPORT 2008-2009

Contents

Corporate and Investor Information

DIRECTORS

Executive Directors

CHUA Domingo, *Chairman*
CHAN Wing Kit, Frank,
Chief Executive Officer
TANENGLIAN Mariano Chua
TAN Lucio Jr. Khao
CHEUNG Chi Ming
PASCUAL Ramon Sy
CHIU Siu Hung, Allan
WONG Sai Tat

Independent Non-executive Directors

CHONG Kim Chan, Kenneth
SY Robin
SALAZAR Lourdes Apostol

REMUNERATION COMMITTEE

CHUA Domingo
CHAN Wing Kit, Frank
CHONG Kim Chan, Kenneth
SY Robin
SALAZAR Lourdes Apostol

AUDIT COMMITTEE

CHONG Kim Chan, Kenneth, *Chairman*
SY Robin
SALAZAR Lourdes Apostol

COMPANY SECRETARY

WONG Oi Yee, Polly

AUDITORS

Deloitte Touche Tohmatsu

LEGAL ADVISERS

Jackson Woo & Associates in association with Ashurst Hong Kong
Deacons
Appleby

PRINCIPAL BANKERS

Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Limited
China Merchants Bank Co., Ltd.
Bank of China Limited
Bank of Communications Co., Ltd.

STOCK CODE

029

SHARE REGISTRARS

Principal Share Registrars

Butterfield Fulcrum Group
(Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM 08
Bermuda

Branch Share Registrars

Tricor Tengis Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

WEBSITE

http://www.dynamic.hk

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

PRINCIPAL PLACE OF BUSINESS

17th Floor, Eton Tower
8 Hysan Avenue
Causeway Bay
Hong Kong

REPRESENTATIVE OFFICE IN SHENZHEN

Unit 1313, Shenzhen Kerry Centre
2008 Renminnan Road, Shenzhen
The People's Republic of China

FINANCIAL CALENDAR

Book-close Dates	14 April 2009 – 17 April 2009 (both days inclusive)
Record Date for Interim Dividend	17 April 2009
Payment of Interim Dividend	4 May 2009

Management Statement

The Directors hereby present their management statement and the unaudited condensed consolidated financial statements of the Company and its subsidiaries (the "**Group**") for the six months ended 31 December 2008.

INTERIM RESULTS

For the six months ended 31 December 2008, the Group recorded a turnover of HK$40,559,000 (2007: HK$96,854,000) and gross profit of HK$34,564,000 (2007: HK$49,126,000). As compared with the last corresponding period, the gross profit of the Group dropped by about 29.6% while the gross profit margin rose from about 50.7% to 85.2%. These results are mainly attributable to rental income generated from the investment properties of the Group. Meanwhile, the significant drop in turnover is primarily due to reduced proceeds from sale of remaining properties held for sale. In addition, the Group accounted for other income in the sum of HK$17,225,000 (2007: HK$29,263,000) including, among others, the guaranteed rental income of investment properties in Shanghai as provided by the vendor in the period.

In view of the downtrend of property sentiment for the period under review in the Mainland China, a deficit provision of HK$50,300,000 (2007: surplus of HK$13,237,000), in aggregate, for devaluation of the investment properties of the Group there was made.

After considering the revaluation of investment properties and the relevant tax effect, the loss for the period attributable to shareholders of the Company was HK$22,085,000 (2007: profit of HK$37,297,000) with loss per share of HK$0.1008 (2007: earnings per share of HK$0.1702). Excluding the revaluation of investment properties (net of deferred tax), the Group showed an underlying net profit of HK$18,543,000 (2007: HK$25,650,000) attributable to shareholders.

SEGMENT INFORMATION

Details of the segment information of the Group's turnover and loss/profit by principal activity and geographical location of operations for the period are set out in note 3 to the condensed consolidated financial statements.

INTERIM DIVIDEND

Taking account of the underlying net profit before revaluation deficit, the Directors have declared an interim dividend of 2 Hong Kong cents (2007: 3 Hong Kong cents) per share for the six months ended 31 December 2008 to all shareholders whose names appear on the register of members of the Company on 17 April 2009. The dividend warrants are expected to be despatched to those entitled on or about 4 May 2009.

BUSINESS REVIEW

In the period under review, the Group strived for steady sources of rental income to sustain operating profit during the period despite depression in capital values of its investment properties.

In Shanghai, the quality offices of the Group known as "Eton Place" situated in Pudong attained almost full occupancy with improving rental levels that remained a solid contributor of income to the Group totaling HK$27,172,000 (2007: HK$23,813,000) for the period, underpinned by the guaranteed annual income of RMB60,000,000 as provided by the vendor.

In Beijing, a slowing economy and post-Olympics ambiance cooled down demand for retailing business. Yet, "Uptown Mall" of the Group being well-established in the region retained high level of occupancy and shoppers flow with stable rentals in the sum of HK$10,977,000 (2007: HK$9,139,000), bringing about another contributor of income in the period.

As for the Group's stake in Shenzhen Zhen Wah Harbour Enterprises Ltd. ("**Zhen Wah**") which entitles to land use right of a piece of land located in Tung Kok Tau, the arbitral award has been made by China International Economic and Trade Arbitration Commission on 30 July 2008 in relation to the dispute over the equity interests therein (the "**Award**"), details of which have been disclosed in the last annual report of the Company. Pursuant to the Award, amongst others, the equity interest of the Group in Zhen Wah is 49%. However, the shareholders' agreement signed on 20 December 1996, in which stipulated, among others, the increase of the Group's shareholding in Zhen Wah to 80% (the "**Shareholders' Agreement**"), shall be legally valid and effective. As such, the Group has sought legal advice and taken appropriate steps to safeguard the interests of the Group, which include, but not limited to, the application for the partial withdrawal of those clauses of the Award which the Company is of the view that are unjustified; and/or may further enforce the rights of the Group under the Shareholders' Agreement. In the meantime, Zhen Wah previously accounted for as a subsidiary of the Group has been reconsidered as a jointly controlled entity of the Group subsequent to the Award.

FINANCIAL REVIEW

Capital Structure

The financial position of the Group remains stable and liquid, and its financing and treasury policies are managed and controlled at the corporate level and prudent manner. The main objective is to utilise the group funding efficiently and to manage the financial risks effectively. As at 31 December 2008, the equity attributable to equity holders of the Company amounted to HK$1,463,801,000 (30 June 2008: HK$1,508,264,000) with net asset value per share of HK$6.68 (30 June 2008: HK$6.88). Total unsecured and secured bank borrowings of the Group amounted to HK$335,300,000 (30 June 2008: HK$356,300,000) as at 31 December 2008, which were in Hong Kong dollars and repayable within 3 years on floating rate basis. As at 31 December 2008, the gearing ratio of the Group was about 13.4% (30 June 2008: 12.2%) based on the Group's net debt (after deducting bank balances and cash) to its equity attributable to equity holders of the Company. The Group maintains a conservative approach in treasury management by constantly monitoring its exposure to interest rate and foreign exchange. The use of financial instrument is strictly controlled by the Group. No significant exposure to foreign currency fluctuations affected the Group in the period under review. No financial instruments were used for hedging purpose in the period.

Financial Resources and Liquidity

In the period under review, sufficient cashflow was generated by rental income of investment properties in Shanghai and Beijing. As at 31 December 2008, the Group's bank balances and cash stood at HK$138,912,000 (30 June 2008: HK$172,072,000) denominated primarily in renminbi yuans and Hong Kong dollars. With sufficient cashflow in the period, the Group maintained un-utilised credit facilities of HK$20,000,000 (30 June 2008: HK$16,000,000) as working capital at floating interest rate as at 31 December 2008.

FINANCIAL REVIEW *(Continued)*

Pledge of Assets and Contingent Liabilities

As at 31 December 2008, the Group pledged its investment properties in Shanghai with a total carrying value of HK$1,023,937,000 (30 June 2008: HK$1,046,441,000) to financial institutions as security against general banking facilities granted to the Group, and also pledged its bank deposits of HK$12,352,000 (30 June 2008: HK$16,817,000) to banks to secure home loans granted to the home buyers. The Group has given guarantees in respect of the settlement of home loans provided by banks to the home buyers of a property project in Beijing. As at 31 December 2008, the Group had given guarantees in respect of such home loans of HK$249,410,000 (30 June 2008: HK$262,440,000). The Directors of the Company consider that the fair values of these financial guarantee contracts at their initial recognition and at the balance sheet dates are insignificant on the basis of the low loan ratio.

PROSPECTS

In the midst of short-run gloomy economic outlook in China, it is anticipated that given well economic fundamentals and growth potential, the recent array of moves by the Central government to focus economic growth more towards domestic consumption and major fiscal stimulus measures will bolster the economic growth and property market in China.

In the face of the influx of new supply of shopping malls in Beijing and office buildings in Pudong in the near term, the Group will keep on to improve strategic market positioning, coupled with appropriate tenant mix and brand portfolio to enhance market edge and prime image of its mall in Beijing. Moreover, the Group will pursue tenant retention upon lease renewals at competitive rental strategies for keeping high occupancy rate with constant recurring revenue to the Group.

The Group will continue its best endeavor to safeguard its interests in the stake in Zhen Wah and to negotiate with the relevant government authorities for better redevelopment plan and values of Tung Kok Tau in Shenzhen in alignment with the official re-zoning and reclamation, city planning and construction of Shenzhen Metro in the region.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 14 April 2009 to Friday, 17 April 2009, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfer forms accompanied by the relevant share certificates 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 Thursday, 9 April 2009.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 31 December 2008, the interests and short positions held by the Directors and their associates in the shares of the Company (within the meaning of the Securities and Futures Ordinance ("**SFO**")) as recorded in the register required to be maintained under Section 352 of the SFO were as follows:

	Number of issued ordinary shares held (long position)		Percentage of the issued share capital
Name of Director	Personal interests	Corporate interests	of the Company
Mr. CHUA Domingo *(Note)*	4,000,000	89,321,279	42.59%
Mr. PASCUAL Ramon Sy	80,000	–	0.04%

Note: The corporate interests of Mr. CHUA Domingo were held through Dynamic Development Corporation. Dynamic Development Corporation is wholly-owned by Carnation Investments Inc. of which Mr. CHUA is the sole shareholder and director.

Save as disclosed above, none of the Directors or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as defined in the SFO as at 31 December 2008; or would require, pursuant to Model Code for Securities Transactions by Directors of the Listed Companies, to be notified to the Company and The Stock Exchange of Hong Kong Limited.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). Having made specific enquiry of the Directors of the Company, all the Directors confirmed that they had complied with the required standards of dealings as set out therein during the six months ended 31 December 2008.

DISCLOSURE OF INFORMATION ON DIRECTORS

Pursuant to rule 13.51B(1) of the Listing Rules effective on 1 January 2009, the updated information on Directors is as follows:

Mr. CHUA Domingo, Chairman of the Company, and Mr. TANENGLIAN Mariano Chua, Executive Director of the Company, both hold directorships in Eton Properties Philippines, Inc., which is listed on The Philippine Stock Exchange, Inc.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2008, the interests and short positions of the substantial shareholders (other than a Director of the Company) in the shares of the Company as recorded in the register as required to be kept under Section 336 of the SFO were as follows:

Name of substantial shareholder	Number of issued ordinary shares held (long position)	Percentage of the issued share capital of the Company
Wai Chun Group Holdings Limited (formerly known as "Wai Chun Group Limited" and "Plus Holdings Limited") *(Note)*	13,152,000	6%

Note: The interests of Wai Chun Group Holdings Limited ("**Wai Chun**") were held through Telecom Plus Investment Limited, its wholly-owned subsidiary. Pursuant to the information received by the Company under Section 329 of SFO, Wai Chun ceased to be the substantial shareholder in the shares of the Company as at 23 January 2009.

Other than as disclosed above and the interests disclosed in the Directors' interests in shares in respect of Mr. CHUA Domingo, the Company has not been notified of any other interests or short position and underlying shares of the Company as required to be recorded in the register under Section 336 of the SFO as at 31 December 2008.

EMPLOYEES

At 31 December 2008, the Group had below 80 staff in Hong Kong and Mainland China, whereas the employees were at prevailing market remunerations with employee benefits such as medical insurance, provident fund schemes and share option scheme.

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 2008.

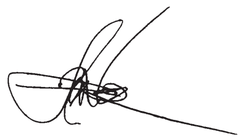
PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the accounting practices and principles adopted by the Group and discussed with the management as to auditing, internal control and financial reporting matters including the review of this unaudited interim report for the six months ended 31 December 2008.

By Order of the Board



CHAN Wing Kit, Frank
Director and Chief Executive Officer

Hong Kong, 20 March 2009

Condensed Consolidated Income Statement

For the six months ended 31 December 2008

	Notes	Unaudited Six months ended 31 December **2008** ***HK$'000***	 2007 *HK$'000*
Turnover	*3*	**40,559**	96,854
Cost of sales		**(5,995)**	(47,728)
Gross profit		**34,564**	49,126
Other income	*4*	**17,225**	29,263
(Decrease) Increase in fair value of investment properties		**(50,300)**	13,237
Administrative expenses		**(28,117)**	(27,327)
Finance costs	*6*	**(6,396)**	(10,318)
Share of profit of a jointly controlled entity		**3,819**	–
(Loss) Profit before taxation		**(29,205)**	53,981
Taxation	*7*	**6,285**	(17,155)
(Loss) Profit for the period		**(22,920)**	36,826
Attributable to:			
Equity holders of the Company		**(22,085)**	37,297
Minority interests		**(835)**	(471)
		(22,920)	36,826
Dividends	*8*	**6,573**	6,573
Basic (loss) earnings per share *(Hong Kong cents)*	*9*	**(10.08)**	17.02

Condensed Consolidated Balance Sheet

At 31 December 2008

	Notes	Unaudited At 31 December 2008 HK$'000	Audited At 30 June 2008 HK$'000
Non-current Assets			
Property, plant and equipment		**3,814**	14,672
Investment properties	*10*	**1,548,152**	1,603,217
Properties held for development		**–**	255,712
Interests in a jointly controlled entity	*11*	**14,472**	–
Other receivables		**6,700**	6,048
		1,573,138	1,879,649
Current Assets			
Properties held for sale		**77,274**	79,275
Trade and other receivables	*12*	**31,683**	50,262
Amounts due from a jointly controlled entity	*11*	**249,105**	–
Amounts due from minority shareholders		**867**	6,679
Bank deposits – pledged		**12,352**	16,817
Bank balances and cash		**138,912**	172,072
		510,193	325,105
Current Liabilities			
Trade and other payables	*13*	**66,959**	79,083
Pre-sale deposits received		**6,314**	7,116
Amount due to a related company – due within one year		**9,642**	9,878
Tax payable		**75,643**	81,061
Bank loans – due within one year	*14*	**38,900**	40,300
		197,458	217,438
Net Current Assets		**312,735**	107,667
Total Assets less Current Liabilities		**1,885,873**	1,987,316

	Notes	**Unaudited At 31 December 2008 *HK$'000***	Audited At 30 June 2008 *HK$'000*
Capital and Reserves			
Share capital	*15*	**219,104**	219,104
Reserves		**1,244,697**	1,289,160
Equity attributable to equity holders of the Company		**1,463,801**	1,508,264
Minority interests		**29,330**	47,255
Total Equity		**1,493,131**	1,555,519
Non-current Liabilities			
Bank loans – due after one year	*14*	**296,400**	316,000
Amount due to a related company – due after one year		**–**	9,407
Deferred tax liabilities		**96,342**	106,390
		392,742	431,797
		1,885,873	1,987,316

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2008

	Attributable to equity holders of the Company										
	Share capital	Share premium	Special reserve	Capital redemption reserve	Translation reserve	Statutory reserve	Other reserve	Retained profits	Total	Minority interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 30 June 2007 (audited)	219,104	426,608	55,018	1,644	81,239	721	92,451	422,065	1,298,850	43,572	1,342,422
Exchange differences arising on translation recognised directly in equity	–	–	–	–	58,565	–	–	–	58,565	1,381	59,946
Profit for the period	–	–	–	–	–	–	–	37,297	37,297	(471)	36,826
Total recognised income and expense for the period	–	–	–	–	58,565	–	–	37,297	95,862	910	96,772
Cash dividend	–	–	–	–	–	–	–	(6,573)	(6,573)	–	(6,573)
At 31 December 2007 (unaudited)	219,104	426,608	55,018	1,644	139,804	721	92,451	452,789	1,388,139	44,482	1,432,621
At 30 June 2008 (audited)	219,104	426,608	55,018	1,644	223,724	721	92,451	488,994	1,508,264	47,255	1,555,519
Exchange differences arising on translation recognised directly in equity	–	–	–	–	(10,999)	–	–	–	(10,999)	(236)	(11,235)
Reclassification of a subsidiary to a jointly controlled equity	–	–	–	–	(4,662)	(721)	–	577	(4,806)	(16,854)	(21,660)
Loss for the period	–	–	–	–	–	–	–	(22,085)	(22,085)	(835)	(22,920)
Total recognised income and expense for the period	–	–	–	–	(15,661)	(721)	–	(21,508)	(37,890)	(17,925)	(55,815)
Cash dividend	–	–	–	–	–	–	–	(6,573)	(6,573)	–	(6,573)
At 31 December 2008 (unaudited)	**219,104**	**426,608**	**55,018**	**1,644**	**208,063**	**–**	**92,451**	**460,913**	**1,463,801**	**29,330**	**1,493,131**

Condensed Consolidated Cash Flow Statement

For the six months ended 31 December 2008

	Unaudited Six months ended 31 December	
	2008	2007
	HK$'000	*HK$'000*
NET CASH FROM OPERATING ACTIVITIES	**30,799**	122,862
NET CASH USED IN INVESTING ACTIVITIES	**(23,103)**	(16,209)
NET CASH USED IN FINANCING ACTIVITIES	**(34,097)**	(56,774)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(26,401)**	49,879
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**172,072**	93,425
EFFECT OF FOREIGN EXCHANGE RATE CHANGE	**(6,759)**	9,970
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by bank balances and cash	**138,912**	153,274

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 2008 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 2008 except as described below.

In the current interim period, the Group has applied, for the first time, the following new amendments and interpretations ("**HKFRSs**") issued by the HKICPA, which are effective for the Group's accounting period beginning on or after 1 July 2008. 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. Accordingly, no prior period adjustment has been recognised.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

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

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 23 (Revised)	Borrowing Costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKAS 39 (Amendment)	Eligible hedged items[3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 8	Operating Segments[2]
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate[2]
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation[4]
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Owners[3]
HK(IFRIC) – Int 18	Transfer of Assets from Customers[5]

1 Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009.
2 Effective for annual periods beginning on or after 1 January 2009.
3 Effective for annual periods beginning on or after 1 July 2009.
4 Effective for annual periods beginning on or after 1 October 2008.
5 Effective for transfer on or after 1 July 2009.

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

Business segments

For management purposes, the Group is currently organised into two operating divisions – property sales and property rental. These principal operating activities are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Property sales – sales of properties developed by the Group
Property rental – leasing of investment properties

Segment information about these businesses is presented below:

	Property sales		Property rental		Consolidated	
	Unaudited Six months ended 31 December					
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
TURNOVER						
External sales	**788**	62,163	**39,771**	34,691	**40,559**	96,854
SEGMENT RESULT	**3,516**	13,601	**(21,459)**	41,035	**(17,943)**	54,636
Unallocated other income					**5,063**	16,790
Unallocated corporate expenses					**(9,929)**	(7,127)
Finance costs					**(6,396)**	(10,318)
(Loss) Profit before taxation					**(29,205)**	53,981
Taxation					**6,285**	(17,155)
(Loss) Profit for the period					**(22,920)**	36,826

Geographical segments

For the six months ended 31 December 2008 and 31 December 2007, all operations of the Group in terms of both turnover and segment results were carried on in the People's Republic of China ("**PRC**") other than Hong Kong Special Administrative Region ("**Hong Kong**"). Accordingly, no geographical segment information is shown.

4. OTHER INCOME

	Unaudited Six months ended 31 December	
	2008	2007
	HK$'000	*HK$'000*
Included in other income are:		
Bank interest income	**768**	759
Exchange gain, net	**60**	16,602
Gain in receivable for vendor's undertakings	**4,947**	7,706
Imputed interest income on loan and other receivables	**1,501**	42

5. DEPRECIATION AND AMORTISATION

	Unaudited Six months ended 31 December	
	2008	2007
	HK$'000	*HK$'000*
(Loss) Profit before taxation has been arrived at after charging the following items:		
Depreciation	**404**	906
Amortisation of prepaid lease payments	**229**	1,665

6. FINANCE COSTS

	Unaudited Six months ended 31 December 2008 HK$'000	2007 HK$'000
Interest on bank borrowings wholly repayable within five years	**4,960**	9,749
Imputed interest expense on amount due to a related company	**358**	569
Imputed interest expense on other receivables	**1,078**	–
	6,396	10,318

7. TAXATION

	Unaudited Six months ended 31 December 2008 HK$'000	2007 HK$'000
The tax (credit) charge comprises:		
Income tax elsewhere in the PRC		
Current period	**3,369**	11,166
PRC land appreciation tax	**18**	4,399
Deferred tax liabilities		
Current period	**(9,672)**	1,590
	(6,285)	17,155

7. TAXATION (Continued)

PRC foreign enterprise income tax and land appreciation tax are calculated at the rates prevailing in the PRC.

Hong Kong profits tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profits (if any) for the period.

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

8. DIVIDENDS

	Unaudited Six months ended 31 December	
	2008	2007
	HK$'000	*HK$'000*
Final dividend payable in respect of year ended 30 June 2008 of 3 Hong Kong cents (2007: 3 Hong Kong cents) per share	**6,573**	6,573
Interim dividend declared in respect of six months ended 31 December 2008 of 2 Hong Kong cents (2007: 3 Hong Kong cents) per share	**4,382**	6,573

9. BASIC (LOSS) EARNINGS PER SHARE

The calculation of basic (loss) earnings per share attributable to equity holders of the Company is based on the loss attributable to equity holders of the Company of HK$22,085,000 (2007: profit of HK$37,297,000) for the period and on 219,103,681 (2007: 219,103,681) ordinary shares in issue throughout the period.

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

10. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 30 June 2008 (audited)	1,603,217
Exchange realignment	(4,765)
Decrease in fair value	(50,300)
At 31 December 2008 (unaudited)	**1,548,152**

The fair value of investment properties at the balance sheet date 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 a net loss arising from changes in fair value of HK$50,300,000 (2007: gain of HK$13,237,000) which has been charged to the condensed consolidated income statement.

11. INTERESTS IN AND AMOUNTS DUE FROM A JOINTLY CONTROLLED ENTITY

	Unaudited At 31 December 2008 ***HK$'000***	Audited At 30 June 2008 *HK$'000*
Share of net assets	**14,472**	–
Amounts due from a jointly controlled entity	**249,105**	–

The amounts due from a jointly controlled entity, Shenzhen Zhen Wah Harbour Enterprises Ltd. ("**Zhen Wah**") are unsecured, re-payable on demand and of which approximately RMB175,000,000 is at an official lending interest rate in RMB (subject to agreement) and the balance is interest free.

11. INTERESTS IN AND AMOUNTS DUE FROM A JOINTLY CONTROLLED ENTITY *(Continued)*

The Group's share of assets and liabilities and results of Zhen Wah are summarised below:

	Unaudited At 31 December 2008 *HK$'000*
Assets *(note)*	**117,638**
Liabilities	**(103,166)**
Net assets	**14,472**
Income	**6,193**
Expenses	**(1,875)**
Profit before taxation	**4,318**
Taxation	**(499)**
Profit for the period	**3,819**

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. Zhen Wah 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.

11. INTERESTS IN AND AMOUNTS DUE FROM A JOINTLY CONTROLLED ENTITY *(Continued)*

As disclosed in the annual report of the Company for the year ended 30 June 2008, the Group lodged a petition for international arbitration in respect of the dispute with Chinese joint venture partner as to the percentages of equity interest held in Zhen Wah. An arbitral award has been made by China International Economic and Trade Arbitration Commission on 30 July 2008 in relation thereto (the "**Award**").

Pursuant to the Award, amongst others, the equity interest in Zhen Wah held by the Group is 49% from 80%. The Group is now in the process of taking appropriate legal actions to safeguard its interests, details of which are disclosed in the section of business review of management statement in this interim report.

Prior to the Award, Zhen Wah was accounted for as a subsidiary of the Group. Its financial statements were consolidated line by line into the Group's consolidated financial statements after eliminating the intra-group transactions and balances with Zhen Wah. As a result of the Award, the management considers that no unilateral control can be imposed by either party; Zhen Wah is reconsidered as a jointly controlled entity of the Group and such financial items previously consolidated line by line have been derecognised and the Group's share of net assets and results in Zhen Wah have then been accounted for under the equity method based on the Group's 49% equity interest in Zhen Wah, and the advances to Zhen Wah by the Group have not been eliminated but included as amounts due from a jointly controlled entity, following the date of the Award.

12. TRADE AND OTHER RECEIVABLES

At 31 December 2008, the balance of trade and other receivables included trade receivables of HK$11,854,000 (30 June 2008: HK$14,164,000), receivables from home buyers who defaulted on repayment to banks, representing the loans taken over by the Group, of HK$17,490,000 (30 June 2008: HK$29,936,000) with collateral of properties at amortised cost at an effective interest rate of 5.85% (30 June 2008: 5.85%) and an amount receivable as at 31 December 2008 for vendor's undertakings of HK$2,513,000 (30 June 2008: HK$7,725,000) 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 receivables 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 2008 ***HK$'000***	Audited At 30 June 2008 *HK$'000*
0 – 60 days	**10,229**	12,431
61 – 90 days	**139**	161
Over 90 days	**1,486**	1,572
	11,854	14,164

12. TRADE AND OTHER RECEIVABLES *(Continued)*

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.

The balance of the Group's trade receivables are amounts due from debtors 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. In determining the recoverability of a trade debtor, the Group considers any change in the credit quality of the trade debtor from the date credit was initially granted up to the reporting date.

13. TRADE AND OTHER PAYABLES

At 31 December 2008, the balance of trade and other payables included trade payables of HK$2,835,000 (30 June 2008: HK$5,739,000). The aged analysis of trade payables is as follows:

	Unaudited At 31 December 2008 *HK$'000*	Audited At 30 June 2008 *HK$'000*
0 – 60 days	**661**	471
Over 90 days	**2,174**	5,268
	2,835	5,739

The other payables mainly include rental deposits and receipt in advance and other accruals.

14. BANK LOANS

	Unaudited At 31 December 2008 *HK$'000*	Audited At 30 June 2008 *HK$'000*
Secured	**334,300**	351,300
Unsecured	**1,000**	5,000
	335,300	356,300
The bank loans were repayable as follows:		
Within one year or on demand	**38,900**	40,300
More than one year, but not exceeding two years	**43,100**	40,500
More than two years, but not exceeding five years	**253,300**	275,500
	335,300	356,300
Less: Amount repayable within one year shown under current liabilities	**38,900**	40,300
Amount due after one year	**296,400**	316,000

The bank loans of HK$334,300,000 (30 June 2008: HK$351,300,000) are secured by the investment properties situated in Shanghai, the PRC and denominated in Hong Kong dollars.

The loans carried interest at variable rates ranging from 0.61% to 1% (30 June 2008: 0.61% to 0.65%) over Hong Kong Interbank Offered Rate.

15. SHARE CAPITAL

	Number of shares		Amount	
	Unaudited At 31 December 2008	Audited At 30 June 2008	**Unaudited At 31 December 2008 *HK$'000***	Audited At 30 June 2008 *HK$'000*
Ordinary shares of HK$1.00 each				
Authorised	**300,000,000**	300,000,000	**300,000**	300,000
Issued	**219,103,681**	219,103,681	**219,104**	219,104

16. SHARE OPTION SCHEME

The Company adopted a share option scheme on 21 December 2001 (the "**Share Option Scheme**").

The Share Option Scheme was adopted for the purpose of providing incentives to Directors, employees and eligible participants and will expire on 20 December 2011. Under the Share Option Scheme, the Board of Directors of the Company may grant options to Executive Directors, employees of the Company and its subsidiaries and such eligible participants at the discretion of the Board of Directors of the Company pursuant to the terms of the Share Option Scheme, to subscribe for shares of the Company at a price per share not less than the highest of (i) the closing price of a share of the Company listed on the Stock Exchange at the date of grant of the option; (ii) the average of the closing price of a share of the Company on the Stock Exchange for the five trading days immediately preceding the date of grant of the option; and (iii) the nominal value of a share of the Company.

No share option was granted to or exercised by any of the Company's and its subsidiaries' Directors, employees and such eligible participants under the Share Option Scheme since its adoption, and there were no share options outstanding as at 31 December 2008 and 31 December 2007.

17. CONTINGENT LIABILITIES

The Group has given guarantees in respect of the settlement of home loans provided by banks to the home buyers of a property project in Beijing, the PRC. At 31 December 2008, the Group had given guarantees in respect of such home loans of HK$249,410,000 (30 June 2008: HK$262,440,000). The Directors of the Company consider that the fair values of these financial guarantee contracts at their initial recognition and at the balance sheet dates are insignificant on the basis of the low loan ratio.

18. RELATED PARTY TRANSACTIONS

Other than the amounts due from a jointly controlled entity and amount due to a related company as shown in the condensed consolidated financial statements, the Group has entered into the following transactions with related companies during the period:

	Unaudited Six months ended 31 December	
	2008	2007
	HK$'000	*HK$'000*
Rental and management fees paid	**6,615**	3,442
Consultancy service fees paid	**568**	562

18. RELATED PARTY TRANSACTIONS *(Continued)*

Other outstanding balances with the following related companies, which were unsecured, interest free and repayable on demand, at 31 December 2008 and 30 June 2008 are as follows:

	Unaudited At 31 December 2008 ***HK$'000***	Audited At 30 June 2008 *HK$'000*
Deposits due from related companies included in trade and other receivables	**316**	264
Amounts due from related companies included in trade and other receivables	**243**	1,133
Amount due to a related company included in trade and other payables	**6**	198

The related companies are companies in which certain Directors have equity interests in these companies that give them significant influence over these companies.

The Group's key management personnel are all Directors, whose remuneration, all in short-term employee benefits, during the period amounted to HK$720,000 (2007: HK$620,000).

Details of advances given to an affiliated company as at 31 December 2008, which exceeded 8% under the assets ratio (as defined under rule 13.16 of the Listing Rules) are as follows:

Affiliated company	**Percentage of equity held by the Group**	**Amount of advances** *HK$'000*
Shenzhen Zhen Wah Harbour Enterprises Ltd. ("**Zhen Wah**")	49%	249,105

As disclosed in the annual report of the Company for the year ended 30 June 2008, the Group lodged a petition for international arbitration in respect of the dispute with Chinese joint venture partner as to the percentages of equity interest held in Zhen Wah. An arbitral award has been made by China International Economic and Trade Arbitration Commission on 30 July 2008 in relation thereto (the "**Award**").

Pursuant to the Award, the advances to Zhen Wah by the Group have been accounted for as amounts due from a jointly controlled entity, details of which are disclosed in note 11 to the condensed consolidated financial statements.

The amount of advances are unsecured, re-payable on demand and of which approximately RMB175,000,000 is at an official lending interest rate in RMB (subject to agreement) and the balance is interest free.

Pursuant to the continuing disclosure requirements under rule 13.22 of the Listing Rules, the proforma combined balance sheet of Zhen Wah and the attributable interest of the Group in Zhen Wah as at 31 December 2008 are disclosed as follows:

Proforma combined balance sheet of the affiliated company

	Proforma combined balance sheet *HK$'000*	**Group's attributable interest** *HK$'000*
Non-current assets		
Property, plant and equipment	9,773	4,789
Properties held for development	251,442	123,207
Current assets	35,214	17,255
Current liabilities	(259,962)	(127,382)
Net assets	36,467	17,869

The properties held for development 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. Zhen Wah 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.