

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



**DYNAMIC HOLDINGS LIMITED**

**達力集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 029)**

## **INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2012**

### **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 2012 together with comparative figures for the corresponding period in 2011 are as follows:

### **Condensed Consolidated Statement of Comprehensive Income**

		<b>Unaudited Six months ended 31 December 2012 HK\$'000</b>	<b>2011 HK\$'000 (Restated)</b>
	<i>Notes</i>		
Turnover	3	<b>59,932</b>	50,813
Direct costs		<b>(14,189)</b>	(14,978)
Gross profit		<b>45,743</b>	35,835
Other income	4	<b>12,218</b>	18,281
Increase in fair value of investment properties		<b>43,211</b>	34,274
Administrative expenses		<b>(10,165)</b>	(20,107)
Finance costs	6	<b>(2,662)</b>	(2,412)
Share of loss of a jointly controlled entity		<b>(3,633)</b>	(3,248)
Profit before taxation		<b>84,712</b>	62,623
Taxation	7	<b>(15,418)</b>	(10,773)
Profit for the period		<b>69,294</b>	51,850
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference on translation to presentation currency		<b>9,570</b>	41,163
Total comprehensive income for the period, net of tax		<b>78,864</b>	93,013

		<b>Unaudited</b>	
		<b>Six months ended 31 December</b>	
		<b>2012</b>	<b>2011</b>
<i>Note</i>		<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
			<b>(Restated)</b>
Profit for the period attributable to:			
	Owners of the Company	<b>68,015</b>	50,905
	Non-controlling interest	<b>1,279</b>	945
		<u><b>69,294</b></u>	<u>51,850</u>
Total comprehensive income attributable to:			
	Owners of the Company	<b>77,398</b>	91,343
	Non-controlling interest	<b>1,466</b>	1,670
		<u><b>78,864</b></u>	<u>93,013</u>
Earnings per share ( <i>Hong Kong cents</i> )			
	Basic	<b>31.04</b>	23.23
	Diluted	<b>30.46</b>	23.14

8

## Condensed Consolidated Statement of Financial Position

		Unaudited At 31 December 2012 HK\$'000	Restated At 30 June 2012 HK\$'000
	<i>Notes</i>		
<b>Non-current Assets</b>			
Property, plant and equipment		2,083	2,222
Investment properties	10	1,790,891	1,737,936
Interest in a jointly controlled entity		57,781	60,972
Amount due from a jointly controlled entity		255,031	246,393
		<u>2,105,786</u>	<u>2,047,523</u>
<b>Current Assets</b>			
Properties held for sale		25,546	28,883
Loan receivables		–	–
Trade and other receivables	11	15,314	12,049
Amount due from a non-controlling shareholder		943	938
Bank deposits – pledged		11,927	11,823
Bank balances and cash		197,294	174,563
		<u>251,024</u>	<u>228,256</u>
<b>Current Liabilities</b>			
Trade and other payables	12	58,439	57,964
Pre-sale deposits received		3,835	281
Tax payable		102,672	99,500
Dividend payable		4,382	–
Bank loans – due within one year		24,464	24,474
		<u>193,792</u>	<u>182,219</u>
<b>Net Current Assets</b>		<u>57,232</u>	<u>46,037</u>
<b>Total Assets less Current Liabilities</b>		<u>2,163,018</u>	<u>2,093,560</u>
<b>Capital and Reserves</b>			
Share capital		219,104	219,104
Reserves		1,480,773	1,407,757
<b>Equity attributable to owners of the Company</b>		<u>1,699,877</u>	<u>1,626,861</u>
<b>Non-controlling interest</b>		<u>31,092</u>	<u>29,626</u>
<b>Total Equity</b>		<u>1,730,969</u>	<u>1,656,487</u>
<b>Non-current Liabilities</b>			
Bank loans – due after one year		193,489	205,718
Deferred tax liabilities		238,560	231,355
		<u>432,049</u>	<u>437,073</u>
		<u>2,163,018</u>	<u>2,093,560</u>

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 (the “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 2012 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, which are measured at fair values, as appropriate. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

Except as described below, 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 2012.

In the current period, the Group has applied, for the first time, the following amendments to HKAS (“revised standards”) issued by the HKICPA.

Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets

### Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 require entities to group together the items of other comprehensive income that may be reclassified to profit or loss in the future by presenting them separately from those that would never be reclassified to profit or loss. The amendment is applicable retrospectively to annual periods beginning on or after 1 July 2012 and the Group has adopted this amendment for the six months ended 31 December 2012.

### Amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets

The Group has applied for the first time the amendments to HKAS 12 *Deferred Tax: Recovery of Underlying Assets* in the current period. Under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 *Investment Property* are presumed to be recovered entirely through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The Group measures its investment properties using the fair value model. As a result of the application of the amendments to HKAS 12, the Directors reviewed the Group’s investment property portfolios and concluded that none of the Group’s investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore the Directors have determined that the ‘sale’ presumption set out in the amendments to HKAS 12 is not rebutted.

The amendments to HKAS 12 have been applied retrospectively, resulting in the Group's deferred tax liabilities being increased by HK\$115,278,000 as at 30 June 2012, with the corresponding adjustment being recognised in translation reserve, retained profits and non-controlling interest. In addition, the application of the amendments has resulted in the Group's taxation for the six months ended 31 December 2012 and 31 December 2011 being increased and decreased by HK\$524,000 and HK\$414,000 respectively and hence resulted in the profit for the six months ended 31 December 2012 and 31 December 2011 being decreased and increased by HK\$524,000 and HK\$414,000 respectively.

The effect of the change in accounting policy described above on the results for the current and preceding interim periods by line items presented in the condensed consolidated statement of comprehensive income is as follows:

	<b>Unaudited</b>	
	<b>Six months ended 31 December</b>	
	<b>2012</b>	<b>2011</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Restated)</b>
Increase (Decrease) in taxation of the Group and decrease (increase) in profit for the period	<b>524</b>	<b>(414)</b>
Decrease (Increase) in profit for the period attributable to owners of the Company	<b>353</b>	<b>(585)</b>

The effect of the change in accounting policy described above on the consolidated statement of financial position of the Group as at the end of the immediately preceding financial year, i.e. 30 June 2012, is as follows:

	As at 30 June 2012 HK\$'000 (Originally stated)	Adjustments HK\$'000	As at 30 June 2012 HK\$'000 (Restated)
Effects on net assets:			
Deferred tax liabilities	116,077	115,278	231,355
Effects on equity:			
Translation reserve	342,580	(7,674)	334,906
Retained profits	592,667	(103,750)	488,917
Non-controlling interest	33,480	(3,854)	29,626
	<b>968,727</b>	<b>(115,278)</b>	<b>853,449</b>

The effect of the change in accounting policy described above on the consolidated statement of financial position of the Group as at the beginning of the comparative period, i.e. 1 July 2011, is as follows:

	As at 1 July 2011 HK\$'000 (Originally stated)	Adjustments HK\$'000	As at 1 July 2011 HK\$'000 (Restated)
Effects on net assets:			
Deferred tax liabilities	105,649	106,377	212,026
Effects on equity:			
Translation reserve	309,403	(5,611)	303,792
Retained profits	509,874	(97,196)	412,678
Non-controlling interest	31,359	(3,570)	27,789
	<b>850,636</b>	<b>(106,377)</b>	<b>744,259</b>

## Impact on earnings per share

	<b>Unaudited</b>	
	<b>Six months ended 31 December</b>	
	<b>2012</b>	<b>2011</b>
	<i>Hong Kong</i>	<i>Hong Kong</i>
	<i>cents</i>	<i>cents</i>
Basic earnings per share before adjustments	<b>31.20</b>	22.97
Adjustments arising from change in accounting policy in relation to:		
– Application of amendments to HKAS 12 in respect of deferred taxes on investment properties	<b>(0.16)</b>	0.26
	<b>31.04</b>	23.23
Diluted earnings per share before adjustments	<b>30.62</b>	22.87
Adjustments arising from change in accounting policy in relation to:		
– Application of amendments to HKAS 12 in respect of deferred taxes on investment properties	<b>(0.16)</b>	0.27
	<b>30.46</b>	23.14

Except as described above, the adoption of the above revised standards has had no material effect on the Group's financial performance and position for the current and prior periods 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, amendments and interpretation issued by the HKICPA that have been issued but are not yet effective.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle <sup>1</sup>
Amendments to HKFRS 1	First Time Adoption on Government Loans <sup>1</sup>
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities <sup>1</sup>
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures <sup>3</sup>
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance <sup>1</sup>
HKFRS 9	Financial Instruments <sup>3</sup>
HKFRS 10	Consolidated Financial Statements <sup>1</sup>
HKFRS 11	Joint Arrangements <sup>1</sup>
HKFRS 12	Disclosure of Interests in Other Entities <sup>1</sup>
HKFRS 13	Fair Value Measurements <sup>1</sup>
HKAS 19 (as revised in 2011)	Employees Benefits <sup>1</sup>
HKAS 27 (as revised in 2011)	Separate Financial Statements <sup>1</sup>
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures <sup>1</sup>
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities <sup>2</sup>
HK (IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2013.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2014.

<sup>3</sup> 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 standards, amendments and interpretation and the Directors so far concluded that the application of these standards, amendments and interpretation 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 car parks, 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					
	2012	2011	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>SEGMENT REVENUE</b>						
<b>TURNOVER</b>						
External sales	<u>19,187</u>	<u>15,782</u>	<u>28,090</u>	<u>25,624</u>	<u>59,932</u>	<u>50,813</u>
<b>SEGMENT RESULT</b>	<u>30,069</u>	<u>21,595</u>	<u>52,095</u>	<u>42,168</u>	<u>90,879</u>	<u>71,817</u>
Unallocated other income					10,455	14,897
Unallocated corporate expenses					(10,327)	(18,431)
Finance costs					(2,662)	(2,412)
Share of loss of a jointly controlled entity					(3,633)	(3,248)
Profit before taxation					<u>84,712</u>	<u>62,623</u>

The accounting policies of the operating segments are the same as the Group’s accounting policies. Segment result represents the profit earned from each segment without the allocation of central administration costs, bank interest income, imputed interest income on amount due from a jointly controlled entity, finance costs and share of result of a jointly controlled entity. This is the measure reported to the Board for the purposes of resources allocation and performance assessment.

Turnover arising from property sales of HK\$12,655,000 (2011: HK\$9,407,000) included turnover of approximately HK\$7,695,000 (2011: HK\$6,478,000) which was contributed by the Group’s largest customer.

#### 4. OTHER INCOME

<b>Unaudited</b>	
<b>Six months ended 31 December</b>	
<b>2012</b>	<b>2011</b>
<b>HK\$'000</b>	<b>HK\$'000</b>

Included in other income are:

Bank interest income	<b>1,908</b>	1,885
Exchange gain, net	<b>1,228</b>	6,127
Imputed interest income on other receivables	<b>82</b>	131
Imputed interest income on amount due from a jointly controlled entity	<b>7,319</b>	6,885

#### 5. DEPRECIATION AND AMORTISATION

<b>Unaudited</b>	
<b>Six months ended 31 December</b>	
<b>2012</b>	<b>2011</b>
<b>HK\$'000</b>	<b>HK\$'000</b>

Profit before taxation has been arrived at after charging:

Depreciation	<b>81</b>	215
Amortisation	<b>–</b>	–

#### 6. FINANCE COSTS

<b>Unaudited</b>	
<b>Six months ended 31 December</b>	
<b>2012</b>	<b>2011</b>
<b>HK\$'000</b>	<b>HK\$'000</b>

Interest on bank borrowings wholly repayable within five years	<b>2,662</b>	2,412
--	--------------	-------



## 7. TAXATION

**Unaudited**  
**Six months ended 31 December**  
**2012**                      2011  
*HK\$'000*                      *HK\$'000*  
(Restated)

The tax charge comprises:

Current tax in the PRC (other than Hong Kong)		
Current period	<b>5,795</b>	5,501
PRC land appreciation tax ("LAT")	<b>3,692</b>	790
Deferred tax liabilities		
Current period charge	<b>5,931</b>	4,482
	<b>15,418</b>	10,773

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

**Unaudited**  
**Six months ended 31 December**  
**2012**                      2011  
*HK\$'000*                      *HK\$'000*  
(Restated)

### Earnings

Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	<b>68,015</b>	50,905
--	---------------	--------

**Number of shares**  
**Unaudited**  
**Six months ended 31 December**  
**2012**                      2011

### Number of shares

Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>219,103,681</b>	219,103,681
Effect of dilutive potential ordinary shares on share options	<b>4,223,571</b>	892,194
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>223,327,252</b>	219,995,875

## 9. DIVIDENDS

	<b>Unaudited</b>	
	<b>Six months ended 31 December</b>	
	<b>2012</b>	<b>2011</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Final dividend payable in respect of year ended 30 June 2012 of 2 Hong Kong cents (2011: 2 Hong Kong cents) per share	<b>4,382</b>	4,382
Interim dividend declared in respect of six months ended 31 December 2012 of 2.5 Hong Kong cents (2011: 2 Hong Kong cents) per share	<b>5,478</b>	4,382
	<b>9,860</b>	8,764

## 10. INVESTMENT PROPERTIES

	<i>HK\$'000</i>
<b>FAIR VALUE</b>	
At 30 June 2012 (audited)	1,737,936
Exchange realignment	9,744
Increase in fair value	43,211
<b>At 31 December 2012 (unaudited)</b>	<b>1,790,891</b>

The fair value of the Group's investment properties as at 31 December 2012 and 30 June 2012 has been arrived at on the basis of valuations carried out on those 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\$43,211,000 (2011: HK\$34,274,000) which has been credited to profit or loss. All the investment properties are situated in the PRC under medium-term lease.

## 11. TRADE AND OTHER RECEIVABLES

At 31 December 2012, the balance of other receivables include receivables from home buyers who defaulted on repayment to banks, representing the loans taken over by the Group, of HK\$313,000 (30 June 2012: HK\$63,000) with collateral of properties and are measured at amortised cost at an effective interest rate of 6.15% (30 June 2012: 5.85%) per annum. For property sales, other than home loans, the Group allows an average credit period of 30 days (30 June 2012: 30 days) to the buyers. Rentals receivable from tenants and service income receivables from customers are payable on presentation of invoices. The following is an aged analysis of trade receivables net of allowance for doubtful debt presented based on invoice date at the end of the reporting period:

	<b>Unaudited At 31 December 2012 HK\$'000</b>	Audited At 30 June 2012 HK\$'000
0–60 days	<b>8,004</b>	7,804
Over 60 days	–	–
	<b>8,004</b>	7,804

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. 95% (30 June 2012: 96%) of the trade receivables are neither past due nor impaired and have good settlement repayment history.

Included in the Group's trade receivable balances are debtors with a carrying amount of HK\$373,000 (30 June 2012: HK\$300,000) 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 37 days (30 June 2012: 30 days) overdue.

## 12. TRADE AND OTHER PAYABLES

At 31 December 2012, the balance of trade and other payables included trade payables of HK\$719,000 (30 June 2012: HK\$611,000). The following is an aged analysis of trade payables based on the invoice date at the end of the reporting period:

	<b>Unaudited At 31 December 2012 HK\$'000</b>	Audited At 30 June 2012 HK\$'000
0–60 days	<b>252</b>	123
Over 60 days	<b>467</b>	488
	<b>719</b>	611

The other payables mainly include rental deposits of HK\$25,013,000 (30 June 2012: HK\$25,135,000) and receipts in advance of HK\$4,258,000 (30 June 2012: HK\$5,060,000).

## RESULTS REVIEW

For the six months ended 31 December 2012, the Group recorded a turnover of HK\$59,932,000 (2011: HK\$50,813,000) and a gross profit of HK\$45,743,000 (2011: HK\$35,835,000). Both the turnover and gross profit increased by 18% and 28% respectively, as compared with those of the last corresponding period with the gross profit margin at 76% (2011: 71%). These results continued to be primarily derived from rental income of investment properties together with sales proceeds of properties of the Group as explained below.

During the period under review, the Group accounted for other income of HK\$12,218,000 (2011: HK\$18,281,000) including mainly imputed interest income and exchange gain. In addition, the Group recognised an aggregate increase of HK\$43,211,000 (2011: HK\$34,274,000) 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 totalling HK\$68,015,000 (2011: HK\$50,905,000, restated) soared by 34% as against the last corresponding period, with basic earnings per share of HK\$0.3104 (2011: HK\$0.2323, restated).

Taking into account of other comprehensive income of exchange difference on translation to presentation currency, the total comprehensive income attributable to owners of the Company amounted to HK\$77,398,000 (2011: HK\$91,343,000, restated).

## BUSINESS REVIEW

In the period under review, the turnover and results of the Group were principally attributed to its operating segment in terms of property rental in the mainland China.

Benefited from the stimulative measures imposed by government authorities to revitalise domestic economy and market in China, the rental income of the Group generated from its investment properties in two major cities, namely Shanghai and Beijing aggregated HK\$47,277,000 (2011: HK\$41,406,000), representing 79% (2011: 81%) of the consolidated revenue income of the Group in the period and a rise of 14% from that of the last corresponding period. In line with improved rental, such investment properties of the Group comprising shopping mall and carparks in Beijing and office units in Shanghai appreciated in an aggregate of HK\$43,211,000 (2011: HK\$34,274,000) in the period. Consequently, the segment results of property rental recorded a profit of HK\$82,164,000 (2011: HK\$63,763,000), with a surge of 29% in contrast with that of the last corresponding period.

In Beijing, the well-established community shopping mall of the Group known as “Uptown Mall” witnessed a full level of occupancy while the segment reported an accelerated rental of HK\$19,187,000 (2011: HK\$15,782,000) and an increased fair value of HK\$15,345,000 (2011: HK\$9,793,000), contributing to an aggregate profit of HK\$30,069,000 (2011: HK\$21,595,000) in the segment result in the period.

In view of limited residential units available for sale by the Group, the proceeds of property sales amounted to HK\$12,655,000 (2011: HK\$9,407,000) resulting in an aggregate profit of HK\$8,715,000 (2011: HK\$8,054,000) in the segment result in the period.

In Shanghai, the quality offices of the Group known as “Eton Place” which is in the prime financial location of Little Lujiazui of Pudong remained at virtually full occupancy level with an increase in both rental in the sum of HK\$28,090,000 (2011: HK\$25,624,000) and capital value in the sum of HK\$27,866,000 (2011: HK\$24,481,000), boosting the segment result with an aggregate profit of HK\$52,095,000 (2011: HK\$42,168,000) in the period.

Regarding the jointly controlled entity of the Company known as Shenzhen Zhen Wah Harbour Enterprises Ltd. (“**Zhen Wah**”), which is entitled to the land use right of a piece of land located in Tung Kok Tau, Nanshan District, Shenzhen (the “**Land**”), the management of the Chinese joint venture partner has recently changed. The Group and the new management of the Chinese joint venture partner has been jointly negotiating on behalf of Zhen Wah with the municipal governmental authorities in relation to official land rezoning and compensation in an attempt to optimise use of the Land and ancillary facilities, to increase gross developable area and saleable floor area mainly in high-rise residential area and to procure favorable revised land premium for additional gross developable area of the Land. The operation period of joint venture of Zhen Wah will expire in early 2014, the Group is currently considering and is in discussions regarding various expedient options to procure the best interests of the Group.

## **PROSPECTS**

Notwithstanding ongoing gloomy risks in the global economic outlook and the sluggish sign in export growth in China, it is anticipated that domestic demand in China will remain resilient on the back of official incentive policies to spur positive economic and market sentiment, underpinning leasing demand and rental income of office and retail sectors.

In Beijing, it is expected that retailers will become more conservative when planning for store expansion in view of the citywide uptrend of e-commerce. However, leasing activities of retailers are forecasted to remain stable because of the steady development of the consumer market. Meanwhile, the Group will continue to adjust tenant mix and brand portfolio at the “Uptown Mall” with an aim to upgrade shopping experience and services to further strengthen its competitiveness for high occupancy rate and constant recurring revenue to the Group.

In Shanghai, it is likely that demand for offices will remain positive as the growth of demand from domestic companies is expected to be able to pick up the decrease in demand from foreign corporations. Additionally, continuing policy reform is expected to nurture the development of the financial sector in Shanghai, which should in turn further foster office demand in prime financial area in Little Lujiazui. To procure 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 view of booming financial and city development, in particular the pilot financial hub in Qianhai and the superb residential development in Nanshan District Shenzhen, which is integrating with Hong Kong for metropolitan development of Pearl River Delta Region, the Group will continuously endeavor to safeguard its best interests in Zhen Wah and to negotiate with the relevant government authorities with an aim to enhance redevelopment plan and maximise asset value of Tung Kok Tau in line with the rezoning, city, financial and infrastructural planning and development in the region.

## **INTERIM DIVIDEND**

The Directors have declared an interim dividend of 2.5 Hong Kong cents (2011: 2 Hong Kong cents) per share for the six months ended 31 December 2012 to the shareholders of the Company whose names appear on the register of members on 19 April 2013. The warrants for the interim dividend are expected to be despatched to those entitled on or about 3 May 2013.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Monday, 15 April 2013 to Friday, 19 April 2013 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 12 April 2013.

## **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**

Throughout the six months ended 31 December 2012, the Company has applied the principles and has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules, save and except deviation from code provisions A.6.7 and E.1.2. At the annual general meeting of the Company held on 14 December 2012 ("AGM"), the then chairman of the Board and one of the independent non-executive Directors, Mr. SY Robin, were unable to attend the AGM due to other business engagements. Meanwhile, management and external auditor of the Company together with the chairman and members of the Board's committees attended the AGM to answer relevant questions raised by and understand the views of the shareholders of the Company thereat.

## APPRECIATION

As announced by the Company on 8 February 2013, the Board has appointed Mr. TAN Harry Chua (“**Mr. TAN**”), an executive Director, as chairman of the Board (the “**Chairman**”) and Mr. GO Patrick Lim (“**Mr. GO**”) as independent non-executive Director of the Company both with effect from 8 February 2013.

Once again, the Board would like to thank Mr. CHUA Domingo, the executive Director and former Chairman for his valuable contribution to the Group during his tenure of office as Chairman and extend welcome to Mr. TAN in his new role and Mr. GO for joining the Board.

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

Hong Kong, 28 February 2013

*As at the date of this announcement, the Board of the Company comprise Mr. TAN Harry Chua, Dr. CHAN Wing Kit, Frank, Mr. CHUA Domingo, 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, Dr. FOK Kam Chu, John and Mr. GO Patrick Lim as Independent Non-executive Directors.*