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DYNAMIC GLOBAL HOLDINGS LIMITED  
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**DYNAMIC GLOBAL HOLDINGS LIMITED**

(Incorporated in Bermuda with limited liability)  
Stock code : 231

## CORPORATE INFORMATION

### Board of Directors

*Executive Directors:*

Mr. Chen Jung Hsin (*CEO*)

Mr. Dai Xu

Mr. Li Wing Sum, Steven

Mr. Liang Wenjian

*Independent Non-executive Directors:*

Dr. Dong Ansheng

Mr. Poon Chiu

Mr. Wu Fengchun

### Audit Committee

Mr. Poon Chiu

(*Committee Chairman*)

Dr. Dong Ansheng

Mr. Wu Fengchun

### Remuneration Committee

Dr. Dong Ansheng

(*Committee Chairman*)

Mr. Poon Chiu

Mr. Wu Fengchun

Mr. Chen Jung Hsin

### Nomination Committee

Dr. Dong Ansheng

(*Committee Chairman*)

Mr. Poon Chiu

Mr. Wu Fengchun

Mr. Chen Jung Hsin

### Authorised Representatives

Mr. Li Wing Sum, Steven

Mr. Chan Kwan Pak

### Company Secretary

Mr. Chan Kwan Pak

### Qualified Accountant

Mr. Ong Kam Chit, Vincent

### Auditors

CCIF CPA Limited  
20/F, Sunning Plaza  
10 Hysan Avenue  
Causeway Bay  
Hong Kong

### Principal Bankers

Bank of China (Hong Kong) Limited  
Bank of Communications Co. Ltd.  
(Hong Kong Branch)

### Share Registrars and Transfer Offices

*Principal:*

Butterfield Fund Services (Bermuda)  
Limited  
Rosebank Centre  
11 Bermudiana Road  
Pembroke  
Bermuda

*Hong Kong Branch:*

Tricor Tengis Limited  
26/F, Tesbury Centre  
28 Queen's Road East  
Hong Kong

### Registered Office

Rosebank Centre  
11 Bermudiana Road  
Pembroke  
Bermuda

### Principal Places of Business

Units 2212 – 2217, 22/F  
The Metropolis Tower  
10 Metropolis Drive  
Hungghom  
Kowloon  
Hong Kong

### Website

[www.dgholdings.com.hk](http://www.dgholdings.com.hk)

### Stock Code

231

The board of directors (the “Board”) of Dynamic Global Holdings Limited (the “Company”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2007, together with the comparative figures for the corresponding period in 2006 as follows:

## CONDENSED CONSOLIDATED INCOME STATEMENT

		<b>Six months ended</b>	
	<i>Note</i>	<b>30.6.2007 (Unaudited) HK\$'000</b>	30.6.2006 (Unaudited) HK\$'000
<b>Turnover</b>	3	<b>188,796</b>	562
Cost of sales		<b>(184,420)</b>	(194)
Gross profit		<b>4,376</b>	368
Other revenue		<b>65</b>	77
Distribution costs		<b>(4,629)</b>	(156)
Administrative expenses		<b>(13,735)</b>	(11,483)
Other operating expenses		<b>(8,517)</b>	(13,826)
<b>Loss from operations</b>	4	<b>(22,440)</b>	(25,020)
Finance costs	5	<b>(4,092)</b>	(3,903)
<b>Loss before taxation</b>		<b>(26,532)</b>	(28,923)
<b>Income tax</b>	6	<b>(3,063)</b>	–
<b>Loss for the period</b>		<b>(29,595)</b>	(28,923)
<b>Attributable to:</b>			
Equity holders of the Company		<b>(29,362)</b>	(28,840)
Minority interests		<b>(233)</b>	(83)
		<b>(29,595)</b>	(28,923)
<b>Loss per share</b>	8		
– Basic		<b>(0.975 cents)</b>	(0.958 cents)
– Diluted		<b>N/A</b>	N/A

**CONDENSED CONSOLIDATED BALANCE SHEET**

	Note	<b>30.6.2007 (Unaudited) HK\$'000</b>	31.12.2006 (Audited) HK\$'000
<b>Non-current assets</b>			
Interests in leasehold land held for own use under operating leases		<b>5,739</b>	5,652
Property, plant and equipment	9	<b>135,078</b>	125,300
Pledged bank balances		<b>477</b>	460
		<b>141,294</b>	131,412
<b>Currents assets</b>			
Consumables		<b>301</b>	173
Properties under development for sale	9	<b>21,247</b>	195,613
Trade receivables	10	<b>11,912</b>	273
Other receivables, deposits and prepayments		<b>11,104</b>	13,235
Tax recoverable		<b>-</b>	2,728
Cash and cash equivalents		<b>8,496</b>	3,843
		<b>53,060</b>	215,865
<b>Current liabilities</b>			
Trade payables	11	<b>30,696</b>	53,318
Other payables and accruals		<b>68,516</b>	93,387
Deposits received on pre-sale of properties under development for sale		<b>22</b>	108,315
Due to a related company	12	<b>29,815</b>	47,899
Due to a minority shareholder		<b>3,566</b>	3,452
Interest-bearing borrowings		<b>82,759</b>	81,804
Tax payable		<b>244</b>	-
Provisions	13	<b>42,091</b>	34,535
		<b>257,709</b>	422,710

**CONDENSED CONSOLIDATED BALANCE SHEET** (continued)

	<i>Note</i>	<b>30.6.2007 (Unaudited) HK\$'000</b>	31.12.2006 (Audited) HK\$'000
<b>Net current liabilities</b>		<b>(204,649)</b>	(206,845)
<b>Total assets less current liabilities</b>		<b>(63,355)</b>	(75,433)
<b>Non-current liabilities</b>			
Due to a related company	12	<b>40,000</b>	–
<b>Net liabilities</b>		<b>(103,355)</b>	(75,433)
<b>Capital and reserves</b>			
Share capital	14	<b>301,041</b>	301,041
Reserves		<b>(426,550)</b>	(398,124)
<b>Total equity attributable to equity shareholders of the Company</b>		<b>(125,509)</b>	(97,083)
<b>Minority interests</b>		<b>22,154</b>	21,650
<b>Capital deficiency</b>		<b>(103,355)</b>	(75,433)

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2007

	Share capital	Share premium account	Capital reserve	Capital redemption reserve	Exchange equalisation reserve	Accumulated losses	Total	Minority interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2006	301,041	63,528	222,194	52	8,427	(618,933)	(23,691)	6,570	(17,121)
Exchange adjustments	-	-	-	-	3,262	-	3,262	403	3,665
Capital injection by a minority shareholder	-	-	-	-	-	-	-	14,970	14,970
Loss for the year	-	-	-	-	-	(76,654)	(76,654)	(293)	(76,947)
At 31 December 2006 and 1 January 2007	301,041	63,528	222,194	52	11,689	(695,587)	(97,083)	21,650	(75,433)
Exchange adjustments	-	-	-	-	936	-	936	737	1,673
Loss for the period	-	-	-	-	-	(29,362)	(29,362)	(233)	(29,595)
<b>At 30 June 2007</b>	<b>301,041</b>	<b>63,528</b>	<b>222,194</b>	<b>52</b>	<b>12,625</b>	<b>(724,949)</b>	<b>(125,509)</b>	<b>22,154</b>	<b>(103,355)</b>
At January 2006	301,041	63,528	222,194	52	8,427	(618,933)	(23,691)	6,570	(17,121)
Exchange adjustments	-	-	-	-	342	-	342	196	538
Loss for the period	-	-	-	-	-	(28,840)	(28,840)	(83)	(28,923)
At 30 June 2006	301,041	63,528	222,194	52	8,769	(647,773)	(52,189)	6,683	(45,506)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	<b>Six months ended</b>	
	<b>30.6.2007</b> <b>(Unaudited)</b> <b>HK\$'000</b>	30.6.2006 (Unaudited) HK\$'000
Net cash used in operating activities	<b>(5,694)</b>	(33,446)
Net cash used in investing activities	<b>(6,887)</b>	(1,189)
Net cash generated from financing activities	<b>19,822</b>	41,116
Net increase in cash and cash equivalents	<b>7,241</b>	6,481
Cash and cash equivalents at beginning of the period	<b>3,843</b>	599
Effect of foreign exchange rate changes, net	<b>(2,588)</b>	–
Cash and cash equivalents at end of the period	<b>8,496</b>	7,080
Analysis of balances of cash and cash equivalents		
Cash and bank balances	<b>8,496</b>	7,080

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007

### 1. Basis of preparation

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

### 2. Principal accounting policies

The condensed consolidated financial statements have been prepared under the historical cost convention.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2006.

In the current interim period, the Group has applied, for the first time, a number of new standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for accounting periods beginning on 1 January 2007.

HKAS 1 (Amendment)	Capital Disclosure <sup>1</sup>
HKFRS 7	Financial Instruments: Disclosures <sup>1</sup>
HK (IFRIC) – INT 7	Applying the Restatement Approach under HKAS 29 "Financial Reporting in Hyperinflationary Economies" <sup>2</sup>
HK (IFRIC) – INT 8	Scope of HKFRS 2 <sup>3</sup>
HK (IFRIC) – INT 9	Reassessment of Embedded Derivatives <sup>4</sup>
HK (IFRIC) – INT 10	Interim financial reporting and impairment <sup>5</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2007.

<sup>2</sup> Effective for annual periods beginning on or after 1 March 2006.

<sup>3</sup> Effective for annual periods beginning on or after 1 May 2006.

<sup>4</sup> Effective for annual periods beginning on or after 1 June 2006.

<sup>5</sup> Effective for annual periods beginning on or after 1 November 2006.

The application of these new HKFRS had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment is required.

The Group has not early applied the new standards or interpretations that have been issued but are not yet effective. The Directors anticipate that the application of these standards or interpretations will have no material impact on the results and financial positions of the Group.



### 3. Segment information

#### (a) Business segments

The Group's primary format for reporting segment information is business segments.

	Property development		Investment holding		Resort operation		Others		Consolidated	
	Six months ended 30 June									
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:										
Sales to external customers	188,092	-	-	-	-	-	704	562	188,796	562
Other revenue	7	60	1	5	-	-	2	9	10	74
Total	188,099	60	1	5	-	-	706	571	188,806	636
Segment results	(15,279)	(17,524)	(6,349)	(6,693)	(1,065)	(1,006)	198	200	(22,495)	(25,023)
Interest income									55	3
Loss from operations									(22,440)	(25,020)
Finance costs									(4,092)	(3,903)
Loss before taxation									(26,532)	(28,923)
Income tax									(3,063)	-
Loss for the period									(29,595)	(28,923)

**3. Segment information** (continued)

## (b) Geographical segments

	Hong Kong		Mainland China		Consolidated	
	Six months ended 30 June					
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Segment revenue:						
Sales to external customers	-	-	188,796	562	188,796	562
Other revenue	1	5	9	69	10	74
Total	1	5	188,805	631	188,806	636
Segment results	(6,349)	(6,693)	(16,091)	(18,327)	(22,440)	(25,020)

**4. Loss from operations**

Loss from operations has been arrived at after charging/(crediting):

	Six months ended	
	30.6.2007 HK\$'000	30.6.2006 HK\$'000
Amortisation of land lease premium	99	93
Depreciation of property, plant and equipment	1,269	1,348
Impairment losses on trade and other receivables	63	1,894
Provision for legal claims	7,039	5,065
Provision for compensations	1,415	6,867
Interest income	(55)	(3)

**5. Finance costs**

	<b>Six months ended</b>	
	<b>30.6.2007</b> <b>HK\$'000</b>	30.6.2006 <i>HK\$'000</i>
Interest on other loans wholly repayable within five years	<b>5,076</b>	4,855
Interest on finance leases	<b>-</b>	2
	<b>5,076</b>	4,857
Less: Amounts capitalized in property, plant and equipment	<b>(984)</b>	(954)
	<b>4,092</b>	3,903

**6. Income tax**

No provision for Hong Kong Profits tax has been made for the period as the Group did not generate any assessable profits arising in Hong Kong during the period (30.6.2006: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the respective jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	<b>Six months ended</b>	
	<b>30.6.2007</b> <b>HK\$'000</b>	30.6.2006 <i>HK\$'000</i>
Current tax		
Mainland China income tax	<b>3,063</b>	-

On 16 March 2007, the People's Republic of China ("PRC") promulgated the Law of the PRC on Enterprise Income Tax (the "New Tax Law") by Order No. 63 of the President of the PRC which will take effect on 1 January 2008. However, the detailed implementation rules regarding the New Tax Law have yet to be made public. Consequently, the Group is not able to make an estimate of the expected financial effect of the New Tax Law on the Company's condensed consolidated financial statements in the coming year. The enactment of the New Tax Law is not expected to have any significant financial effect on the amount accrued in the condensed consolidated balance sheet in respect of tax payable.

**7. Dividend**

The Directors of the Company do not recommend the payment of an interim dividend in respect of the six months ended 30 June 2007 (30.6.2006: Nil).

**8. Loss per share**

The calculation of the basic loss per share is based on the loss attributable to the ordinary equity shareholders of the Company for the period of approximately HK\$29,362,000 (30.6.2006: loss of approximately HK\$28,840,000) and on the weighted average of 3,010,410,504 (30.6.2006: 3,010,410,504) ordinary shares in issue during the period.

No diluted loss per share has been presented for the periods ended 30 June 2007 and 2006 as there were no diluted potential ordinary shares during either period.

**9. Movements in property, plant and equipment and properties under development for sale**

During the current period, the Group spent approximately HK\$6,835,000 (31.12.2006: approximately HK\$8,949,000) and approximately HK\$3,501,000 (31.12.2006: approximately HK\$48,471,000) on the construction of its investment properties under development under property, plant and equipment and properties under development for sale respectively.

**10. Trade receivables**

Trading terms with customers are largely on credit, except for new customers where payment in advance is normally required. Invoices are normally payable within 30 days of issuance, except for certain well established customers, where the terms are extended to two to three months. Credit limits were set for customers. The aging analysis of such debtors is as follows:

	<b>30.6.2007</b> <b>HK\$'000</b>	31.12.2006 <i>HK\$'000</i>
Within 3 months	<b>11,912</b>	273

**11. Trade payables**

An aged analysis of the trade payables is as follows:

	<b>30.6.2007</b> <b>HK\$'000</b>	31.12.2006 <i>HK\$'000</i>
Within 3 months	<b>187</b>	20,589
More than 3 months but less than 6 months	-	4,264
More than 6 months but less than 1 year	<b>14,543</b>	9,597
More than 1 year but less than 2 years	<b>5,363</b>	4,052
More than 2 years	<b>10,603</b>	14,816
	<b>30,696</b>	53,318

**12. Due to a related company**

	<b>30.6.2007</b> <b>HK\$'000</b>	31.12.2006 HK\$'000
Loans	<b>65,069</b>	45,247
Accrued interest	<b>4,746</b>	2,652
	<b>69,815</b>	47,899
Less: Amount due for settlement with 12 months (shown under current liabilities)	<b>(29,815)</b>	(47,899)
Non-current portion	<b>40,000</b>	–

The terms of the loans are stated in note 15 to the condensed financial statements.

**13. Provisions**

The movements of the provisions are as follows:

	Note	<b>30.6.2007</b> <b>HK\$'000</b>	31.12.2006 HK\$'000
(a) Provision for legal claims			
Balance brought forward		<b>24,548</b>	34,409
Exchange adjustments		<b>810</b>	14
Additional provision			
– Compensation for breach of pre-sale contracts	(i)	<b>7,039</b>	17,280
Transferred from note 13(b)	(i)	–	7,002
Released upon the pre-sale of properties under development for sale by a court order		–	(3,304)
Settlements made	(ii)	<b>(1,366)</b>	(30,853)
Balance carried forward		<b>31,031</b>	24,548
(b) Provision for compensations			
Balance brought forward		<b>9,987</b>	13,714
Exchange adjustments		<b>329</b>	179
Additional provision			
– Compensation for breach of pre-sale contracts	(i)	<b>1,415</b>	5,088
Transferred to note 13(a)	(i)	–	(7,002)
Settlements made		<b>(671)</b>	(1,992)
Balance carried forward		<b>11,060</b>	9,987
		<b>42,091</b>	34,535

**13. Provisions** *(continued)*

- (i) A subsidiary of the Company in mainland China (the "Subsidiary") entered into contracts with some buyers since 2003 for pre-sale of properties under development for sale developed by the Subsidiary ("Pre-sale Contracts"). According to the terms of the Pre-sale Contracts, if the above properties under development for sale were not assigned to the buyers on or before 31 December 2004, the buyers of the properties under development for sale were eligible for compensations at the rate of 0.02% per day on deposits paid as from 1 January 2005 until the assignment of the properties under development for sale.

During 2005, 130 buyers took legal actions to claim against the Subsidiary for compensations. Accordingly, provision for legal claims of the 130 buyers and provision for compensations for the rest of all other buyers in accordance with the terms of the Pre-sale Contracts amounted respectively to approximately RMB10,521,000 (approximately HK\$10,116,000) and RMB14,264,000 (approximately HK\$13,714,000) were made in 2005.

During 2006, the Group settled the claims for 130 buyers as mentioned above by payment of RMB10,521,000 (approximately HK\$10,116,000) and 225 buyers took legal actions to claim against the Subsidiary for the compensations. Accordingly, RMB7,282,000 (approximately HK\$7,002,000) was reclassified from provision for compensations to provision for legal claims during 2006. Since the properties under development for sale have not been assigned to the buyers as at 31 December 2006, additional provision for legal claims and exchange adjustment amounting to RMB17,315,000 (approximately HK\$17,280,000) and HK\$266,000 were made in 2006 respectively. The exchange adjustment of HK\$252,000 carried forward as at 31 December 2005 is released upon the settlements made in 2006.

During the current period, the Group settled the claims for 355 buyers as mentioned above by payment of RMB1,325,000 (approximately HK\$1,366,000). As the properties under development for sale had been assigned to the buyers on 22 May 2007, additional provision for legal claims up to that day and exchange adjustment amounting to RMB6,828,000 (approximately HK\$7,039,000) and HK\$810,000 were made respectively.

On the other hand, RMB2,073,000 (approximately HK\$1,992,000) have been paid for the provision for compensations during 2006. Since the properties under development for sale have not assigned to the buyers as at 31 December 2006, additional provision for compensations and exchange adjustment amounting to RMB5,098,000 (approximately HK\$5,088,000) and HK\$179,000 were accounted for in 2006 respectively.

During the current period, RMB651,000 (approximately HK\$671,000) had been paid for the provision for compensations. As the properties under development for sale had been assigned to the buyers on 22 May 2007, additional provision for compensations up to that day and exchange adjustment amounting to RMB1,373,000 (approximately HK\$1,415,000) and HK\$329,000 were accounted for respectively.

**13. Provisions** *(continued)*

- (ii) In January 2004, a subsidiary of the Group (the "Subsidiary") signed a pre-sale agreement (the "Pre-Sale Agreement") with a buyer (the "Buyer") to sell 25 units of properties under development for sale in Shanghai for a total sum of approximately RMB50,000,000 (approximately HK\$48,077,000). A deposit of approximately RMB20,000,000 (approximately HK\$19,231,000) was received by the Subsidiary. The amount was recorded as other payables in the consolidated balance sheet. However, the Buyer was unable to arrange bank financing to pay the balance of consideration of approximately RMB30,000,000 (approximately HK\$28,846,000). As such, the Buyer informed the Subsidiary to terminate the Pre-Sale Agreement and refund the deposit received by the Subsidiary. The Subsidiary had not refunded the deposits but demanded the Buyer to pay the balance of consideration. As a result, the Buyer commenced legal action against the Subsidiary.

On 11 November 2004, a judgment in favour of the Buyer was made by a court in mainland China. According to the judgement, the Subsidiary was required to refund the deposits and make a compensation of approximately RMB3,502,000 (approximately HK\$3,304,000) to the Buyer. The Subsidiary filed an appeal with the Shanghai People's Supreme Court (上海市高級人民法院). However, on 24 February 2005, the Supreme Court affirmed the judgment made by the lower court. Therefore, a provision of RMB3,502,000 (approximately HK\$3,304,000) was made in 2004. On 23 December 2005, properties under development for sale with a gross area of 1,433.17 square metres were seized by the court for force-sale at a consideration of RMB7,000,000 (approximately HK\$6,986,000) by a court order. Upon completion of the transaction in 2006, provision for legal claims and other payables and accruals amounted RMB3,502,000 (approximately HK\$3,304,000) and RMB3,010,000 (approximately HK\$2,895,000) were released respectively. The remaining balances represented a compensation cost of RMB488,000 (approximately HK\$487,000) and exchange adjustments of HK\$300,000 incurred during 2006. Taking into account the estimated construction cost of RMB7,859,000 (approximately HK\$7,843,000), an additional compensation cost of RMB859,000 (approximately HK\$857,000) for the pre-sale of properties under development for sale as a result of the court order was therefore recognised in 2006.

On 28 August 2006, the Subsidiary received a claim of overdue interest amounted to approximately RMB1,758,000 on late payments made by the Subsidiary to the Buyer. A judgment in favour of the Buyer was made by Shanghai Pudong District People's Supreme Court (上海市浦東新區人民法院). The court ordered to seize the bank balance or equivalent assets of the Subsidiary amounted to approximately RMB1,758,000. On 21 September 2006, two residential units with a gross area of 315.08 square metres were seized by the Buyer. The Subsidiary filed an appeal against the court order and a judgement in favour of the Subsidiary was made by 上海市第一中級人民法院 on 13 March 2007 and the residential units as mentioned above were released accordingly.

**14. Share capital**

	<b>Ordinary shares of HK\$0.10 each</b>	
	<i>Number of shares</i>	<i>HK\$'000</i>
<i>Authorised:</i>		
At 31 December 2006 and 30 June 2007	4,000,000,000	400,000
<i>Issued and fully paid:</i>		
At 31 December 2006 and 30 June 2007	3,010,410,504	301,041

**15. Related party transactions**

The Group entered into the following related party transactions during the interim reporting period.

	<b>30.6.2007 HK\$'000</b>	30.6.2006 HK\$'000
New loan from a subsidiary of the substantial shareholder	<b>19,822</b>	40,740
Loan interest expenses paid to a subsidiary of the substantial shareholder	<b>2,094</b>	887

On 13 January 2006, 17 February 2006, 6 March 2006, 9 June 2006, 13 September 2006 and 1 February 2007, the Company entered into six loan agreements with a subsidiary of the substantial shareholder of the Company, Madex International Company Limited ("Madex International"). Under the terms of the loan agreements, loan facilities up to a maximum of HK\$75,000,000 can be granted to the Company for a period of 12 months and the loans were unsecured and bearing interest at prime rate per annum.

On 30 March 2007, the Company entered into a loan extension agreement with a subsidiary of Madex International. Under the terms of the loan extension agreement, all repayment terms remain the same except that the repayment date of the loan agreements entered into on 13 January 2006, 17 February 2006, 6 March 2006 and 9 June 2006 of HK\$10,000,000 each which expire after one year from the respective loan drawdown dates shall be extended for a period of 18 months and is due between July 2008 to December 2008.

During the six months ended 30 June 2007, total loans of HK\$19,822,000 were drawn down under the loan agreement. As at 30 June 2007, the prime rate was 7.75%.

During the six months ended 30 June 2006, total loans of HK\$40,740,000 were drawn down under the loan agreements. As at 30 June 2006, the prime rate was 8.25%.



**16. Contingent liabilities**

The Group undertook guarantees in respect of mortgage loans granted by certain banks of approximately RMB7,437,000 (approximately HK\$7,667,000) (31.12.2006: approximately RMB7,437,000 (approximately HK\$7,422,000)) relating to the mortgage loans arranged for certain purchasers of the Group's properties under development for sale since 2003. Pursuant to the terms of the guarantees, in the event of any default in mortgage payments by any of these purchasers, the Group is responsible to repay the outstanding mortgage principal balances together with accrued interest and penalties owed by the defaulted purchasers and the Group is entitled to take over the legal title and possession of the related properties under development for sale. The Group's guarantee period commences from the dates of the drawdown of the relevant mortgage loans and ends when the Group obtains the "property title certificate" for the mortgagees.

No provision has been made in the financial statements for the six months ended 30 June 2007 (31.12.2006: Nil) for the financial guarantees as the fair value of the financial guarantee contracts is insignificant.

**17. Commitments**

- (a) At balance sheet date, the Group's total future minimum lease payments under non-cancellable operating leases in respect of land and buildings are payable as follows:

	<b>30.6.2007</b> <b>HK\$'000</b>	31.12.2006 <i>HK\$'000</i>
Within one year	<b>1,063</b>	1,397
In the second to fifth years, inclusive	<b>-</b>	270
	<b>1,063</b>	1,667

- (b) Capital commitments outstanding at balance sheet date not provided for in the financial statements were as follows:

	<b>30.6.2007</b> <b>HK\$'000</b>	31.12.2006 <i>HK\$'000</i>
Contracted for	<b>17,309</b>	11,637

**18. Pending litigation and post balance sheet event**

On 9 September 2005, a subsidiary of the Company (the "Subsidiary") served a writ in Hong Kong on a former executive director of the Company, Mr. Chan Boon Ning, John ("Mr. Chan") claiming an amount of HK\$67,000,000, being the personal guarantee given by Mr. Chan on the recoverability of long term deposits made by the Subsidiary, via intermediaries, to certain companies established in mainland China (the "PRC companies") in 1998. Mr. Chan served as an executive director of the Company (formerly known as Fairyoung Holdings Limited) from 5 February 1993 to 23 November 2000. The deposits made were to be refundable and were intended to be used to finance investment projects of the Group. None of the intended investment projects crystallised and the deposits were not refunded by either the PRC companies or Mr. Chan since payments made in 1998. A full provision of HK\$67,000,000 was made by the Group in 2000.

On 24 July 2007, the Subsidiary and Mr. Chan entered into an agreement whereby Mr. Chan agreed to settle the aforesaid claim for a total sum of HK\$30,000,000, of which HK\$10,000,000 is payable within 2 months from the date of the agreement and the remaining HK\$20,000,000 within 6 months from the date of the agreement.

## **INTERIM DIVIDEND**

The Directors of the Company do not recommend the payment of an interim dividend in respect of the six months ended 30 June 2007 (30.6.2006: Nil).

## **BUSINESS REVIEW**

During the period under review, the Company's principal activity continued to be investment holding, whilst its subsidiaries are mainly engaged in property investment and development in the PRC.

The Group devoted much of its efforts to complete the construction of Fairyoung Building in Shanghai and the units have been smoothly handed over to the buyers. The completion of the project has put an end to the prolonged claims from the buyers.

The structural construction and interior fittings of our mall in Harbin, PRC are nearly completed and the Group is in the process of seeking quality tenants with a view to obtaining long-term steady rental income.

Shuijinghu Resort Hotel, a relatively small property project of the Group located in Hubei Province, PRC, had suspended business pending for renovation and improvement works and thus had no contribution to the Group in the period. The management of the Company is now reviewing the cost effectiveness of keeping and running this project.

## **PROSPECTS**

As the Group's remaining major property investment is the mall in Harbin, its operating income will remain relatively low in the foreseeable future. Thus, focus for the near future will be on resolving the financial difficulties encountered by the Group. The Group will actively seek financial resources and restructure its existing liabilities so as to strengthen its financial base on the one hand, and will restructure its existing operations by targeting investment opportunities with potential so as to improve shareholder returns on the other hand.

It is expected that the continued growth of the economy of PRC and Hong Kong will offer good opportunity for investment and the restructuring will strengthen the financial position of the Group and set the Group back on track and succeed in its future development

## **ASSETS AND LIABILITIES**

As at 30 June 2007, the Group had total liabilities of about HK\$297,709,000, of which HK\$112,574,000 were other loans (including interest-bearing borrowings and amount due to a related company) repayable within one year.

## **LIQUIDITY, FINANCIAL RESOURCES, CHARGE ON ASSETS, GEARING AND CAPITAL COMMITMENT**

As at 30 June 2007, the Group's current assets and current liabilities were HK\$53,060,000 and HK\$257,709,000 respectively. Other loans (including interest-bearing borrowings and amount due to a related company) amounted to HK\$152,574,000.

As at 30 June 2007, main charges on assets of the Group were bank balances of HK\$477,000.

As at 30 June 2007, capital commitments mainly consisted of the construction costs for the Harbin project amounting to approximately HK\$17,309,000.

The Group's assets/liabilities ratio is calculated on its total liabilities divided by total tangible assets. As at 30 June 2007, the ratio was 153%.

The Board believes that the Group's cash holding, liquid asset value, future revenue and available facilities from a major shareholder will be sufficient to fund its capital expenditure and meet its working capital requirements.

## **EXCHANGE RISK**

As the Group's operations are principally in the PRC and all assets and liabilities are denominated either in Renminbi or HK dollars, the Directors believe that the operations of the Group are not subject to significant exchange risk.

## **HUMAN RESOURCES**

The Group has a total of approximately 50 employees, who are remunerated according to nature of the job and market trend, as well as individual qualifications and performance. The Group has participated in the Mandatory Provident Fund Scheme. On the job training is provided to staff from time to time. The Group currently does not have any share option scheme for employees.

## **DIRECTORS' INTERESTS**

As at 30 June 2007, none of the Directors and the Chief Executive of the Company had any interests or short positions in the shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which are (a) required to be notified to the Company and the Hong Kong Stock Exchange ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO; or (c) required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers. During the six months ended 30 June 2007, none of the Directors, Chief Executive or their spouses or children under the age of 18 was given the right to acquire any shares in or debentures of the Company or any of its associated corporations (within the meaning of the SFO).

## SUBSTANTIAL SHAREHOLDERS' INTERESTS

At as 30 June 2007, the following parties were recorded in the register kept by the Company under section 336 of the SFO as being directly or indirectly interested or deemed to be interested in 5% or more of the issued share capital of the Company:

Name of substantial shareholder	Note	No. of ordinary shares of HK\$0.10 each			Shareholding percentage
		Personal interests	Corporate interests	Total	
Mr. Liang Wenguan ("Mr. Liang")	1	125,412,000	723,970,000	849,382,000	28.21%
Gree International Holding Limited ("Gree")	1	–	723,970,000	723,970,000	24.05%
Angklong Ltd.	2	–	379,053,963	379,053,963	12.59%
Mr. Chan Boon Ning, John ("Mr. Chan")	3	42,584,000	379,053,963	421,637,963	14.01%

*Note 1:* Madex International Company Limited, a company which is 100% owned by Mr. Liang, has charged 723,970,000 Shares to Gree, which is thus deemed to be interested in the said shares. Mr. Wang Gang and Mr. Dong Taijin, each holding 50% of the issued share capital of Gree, are severally deemed to be interested in all 723,970,000 Shares, representing 24.05% of the issued shares capital of the Company as at 30 June 2007.

*Note 2:* As disclosed by Maxwick Investment Ltd. on 19 March 2002, Angklong Ltd. had charged 422,133,000 shares of the Company to Maxwick Investment Ltd., a company which is 99.99% owned by Ms. Leong On Kei, Angela. Thus, Ms. Leong On Kei, Angela is deemed to be interested in the said 422,133,000 shares, representing 14.02% of the issued share capital of the Company as at 30 June 2007. The shareholding of Angklong Ltd. was subsequently reduced to 379,053,963 shares.

*Note 3:* Mr. Chan, who holds the entire issued share capital of Harrio Assets Ltd., which in turn holds the entire issued share capital of Angklong Ltd., is deemed to be interested in the 379,053,963 shares, which were held by Anklong Ltd.

As at 30 June 2007, no short positions were recorded in the register kept by the Company under section 336 of the SFO.

## **CORPORATE GOVERNANCE**

The Directors consider that the Company has complied with the applicable code provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2007, except for certain deviations as follows:

### **Chairman and Chief Executive Officer**

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same person. No Chairman has been appointed by the Company, and decisions are made collectively by the Executive Directors. The Board believes that the present arrangement enables the Company to make and implement decisions promptly, and thus achieve the Company's objectives efficiently and effectively in response to the changing environment.

### **Appointments, Re-election and Removal of Directors**

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The Independent Non-executive Directors ("INEDs") of the Company had no fixed term of office during the period, but all of them are subject to the relevant provisions of the Bye-laws ("Bye-laws") of the Company or any other applicable laws whereby they shall vacate or retire from their office. According to the Bye-laws, at each annual general meeting ("AGM") of the Company, one third of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office, provided that no Director holding office as executive chairman or as a managing director should be subject to retirement by rotation or taken into account in determining the Directors to retire.

### **MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS**

The Company has adopted the Model Code for the Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules.

### **AUDIT COMMITTEE**

The Audit Committee comprises all Independent Non-executive Directors and is responsible for review of the Group's financial information and oversight of the Group's financial reporting system and internal control procedures. The Committee is also responsible for reviewing the interim and final results of the Group prior to recommending them to the Board for approval. In performing its duties, it has unrestricted access to personnel, records and external auditors and senior management.

The unaudited interim results for the period ended 30 June 2007 have been reviewed by the Audit Committee before recommending it to the Board for approval.

Dynamic Global Holdings Limited

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

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2007.

By Order of the Board  
**Chen Jung Hsin**  
*CEO & Executive Director*

Hong Kong, 7 September 2007