



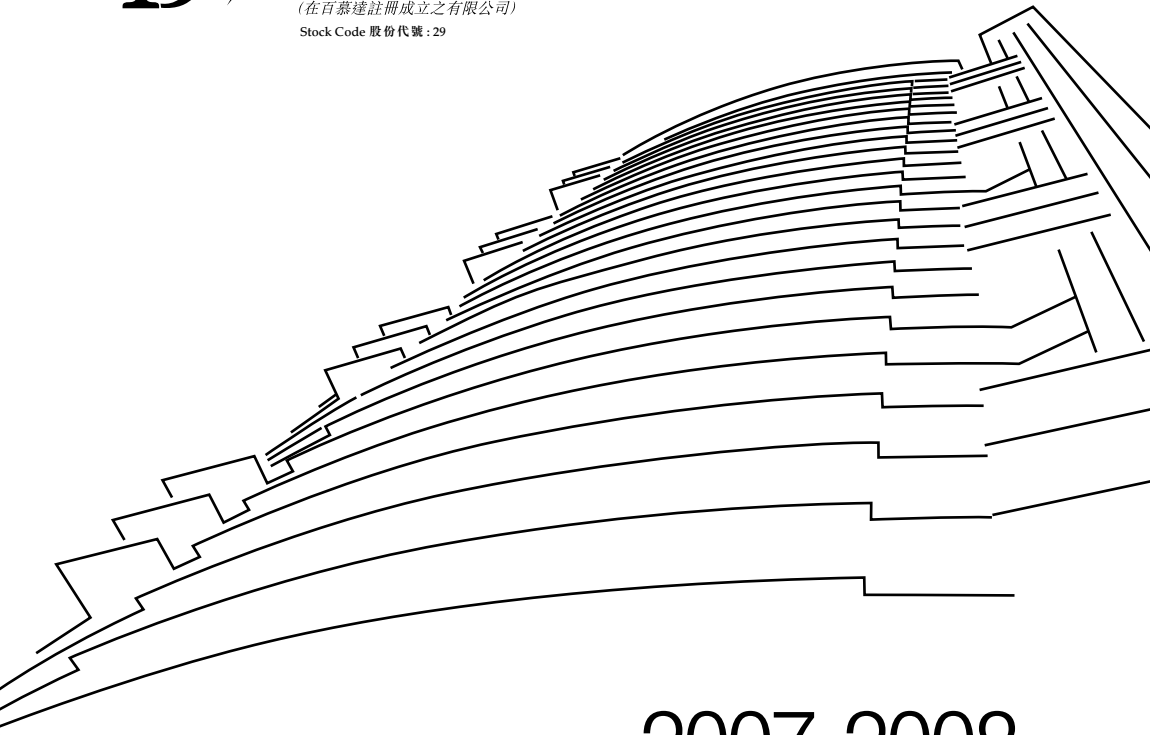
DYNAMIC HOLDINGS LIMITED

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



2007-2008

中期報告 INTERIM REPORT

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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

Deacons
Jackson Woo & Associates
Appleby

PRINCIPAL BANKERS

Hang Seng Bank Limited
Industrial and Commercial Bank
of China (Asia) Limited
China Merchants Bank
Bank of Communications
Bank of China

STOCK CODE

029

SHARE REGISTRARS

Principal Share Registrars

Butterfield Fund Services
(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

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

WEBSITE

<http://www.dynamic.hk>

FINANCIAL CALENDAR

Book-close Dates	14 April 2008 – 18 April 2008 (both days inclusive)
Record Date for Interim Dividend	18 April 2008
Payment of Interim Dividend	2 May 2008

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 2007.

INTERIM RESULTS

For the six months ended 31 December 2007, the Group recorded a turnover of HK\$96,854,000 (2006: HK\$87,921,000) and gross profit of HK\$49,126,000 (2006: HK\$36,181,000), showing a rise in turnover and gross profit of about 10% and 36%, respectively, as compared with the last corresponding period. These results are mainly attributable to the proceeds of property sale and rental income of the Group in the Mainland China. In addition, the Group recognised other income in the sum of HK\$29,263,000 (2006: HK\$16,066,000) mainly due to exchange gain as a result of the appreciation of Renminbi and the guaranteed rental income of investment properties in Shanghai provided by the vendor during the six months ended 31 December 2007.

For the period under review, the fair value of investment properties of the Group in Shanghai and Beijing has been further increased in the amount of HK\$13,237,000 (2006: HK\$5,973,000). After considering the relevant tax effect, the profit for the period attributable to shareholders of the Company was HK\$37,297,000 (2006: HK\$13,411,000) with an earnings per share of HK\$0.1702 (2006: HK\$0.0612), reflecting a surge of about 178%.

SEGMENT INFORMATION

Details of the segment information of the Group’s turnover and profit by principal activity and geographical location of operations for the period are set out in note 4 to the condensed consolidated financial statements.

INTERIM DIVIDEND

The Directors have declared an interim dividend of 3 Hong Kong cents (2006: 3 Hong Kong cents) per share for the six months ended 31 December 2007 to all shareholders whose names appear on the register of members of the Company on 18 April 2008. The dividend warrants are expected to be despatched to those entitled on or about 2 May 2008.

BUSINESS REVIEW

For the period under review, the Group achieved continuously satisfactory growth in terms of capital value and rental yield of its Renminbi-based properties in the Mainland China. In spite of the official monetary tightening and restrictions on foreign investment in property market in the Mainland China, the demand for high-end offices in Shanghai and commercial spaces in Beijing remained strong as driven by the robust economic growth as well as buoyant business activities in these cities.

In Shanghai, the fair value of high-quality office units of the Group known as “Eton Place” appreciated by HK\$11,465,000 during the six months ended 31 December 2007. These investment properties have been almost fully occupied during the period, and thus contributed a steady source of rental income to the Group, supported by a guaranteed gross annual rental income of not less than RMB60,000,000 (representing an annual gross rental yield of about 8% calculated by reference to the relevant amount of investment made by the Group) provided by the vendor for a period of three years commencing from October 2006.

In Beijing, the Group booked the proceeds of property sale derived from its office apartments and residential units in the amount of HK\$58,354,000 during the period under review. Meanwhile, investment properties of the Group including, among others, “Uptown Mall” also realised an increase in fair value in the sum of HK\$1,772,000 during the period. And about 91% of leasable floor area of the Uptown Mall has been leased, bringing another stable contributor of rental income.

During the period under review, the Group continued to strive for better redevelopment plan to enhance value of the investment of the Group’s site located in Tung Kok Tau in Shekou, Shenzhen by way of negotiations with relevant government authorities regarding the official rezoning, city planning and the location of Shenzhen Metro surrounding the Group’s site in Tung Kok Tau. As for the disputes over the equity interests in the relevant joint venture, the hearing of the international arbitration in last November has been adjourned due to changes in nomination of arbitrators, which has now been fixed at the end of March of this year.

FINANCIAL REVIEW

Capital Structure

The financial position of the Group remains sound 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 2007, the equity attributable to equity holders of the Company amounted to HK\$1,388,139,000 (30 June 2007: HK\$1,298,850,000) with net asset value per share of HK\$6.34 (30 June 2007: HK\$5.93). Total unsecured and secured bank borrowings of the Group amounted to about HK\$367,600,000 (30 June 2007: HK\$388,200,000) as at 31 December 2007, which were in Hong Kong dollars and repayable within 5 years on floating rate basis. As at 31 December 2007, the gearing ratio of the Group was about 15.4% (30 June 2007: 22.7%) based on the Group's net debt (after deducting bank balance 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 interest rate and foreign exchange exposure. The use of financial instrument is strictly controlled. No significant exposure to foreign currency fluctuations affected the Group in the period under review, other than appreciation effect of Renminbi on income and properties of the Group, which were mainly in Renminbi. 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 sales proceeds of properties in Beijing as well as rental income of investment properties in Shanghai and Beijing. As at 31 December 2007, the Group's bank balances and cash stood at HK\$153,274,000 (30 June 2007: HK\$93,425,000) denominated primarily in Renminbi and Hong Kong dollars. With sufficient cashflow in the period, the Group maintained un-utilised credit facilities of HK\$21,000,000 (30 June 2007: HK\$16,000,000) as working capital at floating interest rate as at 31 December 2007.

The funding requirement for redevelopment of Tung Kok Tau is intended to be financed by internal resources, bank borrowings and such other means of financing as the Directors may deem expedient.

FINANCIAL REVIEW (Continued)

Pledge of Assets and Contingent Liabilities

As at 31 December 2007, the Group pledged its investment properties in Shanghai with a total carrying value of HK\$969,692,000 (30 June 2007: HK\$920,604,000) to financial institutions as security against general banking facilities granted to the Group, and also pledged its bank deposits of HK\$50,077,000 (30 June 2007: HK\$31,469,000) to banks to secure mortgage bank loans granted to the home buyers in Beijing. 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 2007, the Group had given guarantees in respect of such home loans of HK\$301,423,000 (30 June 2007: HK\$357,976,000). The Directors of the Company consider that the fair values of these financial guarantee contracts at their initial recognition are insignificant on the basis of the low loan ratio.

EMPLOYEES

At 31 December 2007, the Group had about 60 employees in Hong Kong and the Mainland China at prevailing market remunerations with employee benefits such as medical insurance, provident fund schemes and share option scheme.

PROSPECTS

Looking ahead and considering favorable factors of the positive effect from the impending Olympics to be held in Beijing this year and World Expo to be held in Shanghai in 2010, the anticipation of continuous appreciation of Renminbi and the strong consecutive economic growth in China, these favorable factors will continue to drive the uptrend demand for high-quality offices in Shanghai and commercial spaces in Beijing. Hence, it is anticipated that investment properties of the Group in these cities will have the potential of growth in the ensuing year.

PROSPECTS (Continued)

Though the recent macro-control policies curbed the overheating property market in Shenzhen, the site of Tung Kok Tau in Shekou has yet its distinctive redevelopment value and potential, taking into account of its prime location with proposed well-planned infrastructure and unique city planning, its proximity to Western Corridor between Hong Kong and Shenzhen as well as the proposed construction of Route No. 2 of Shenzhen Metro. The Group is exerting its best effort to negotiate with the relevant authorities to enhance redevelopment and economic values of the Group's site in Tung Kok Tau. In the meantime, application to the relevant Government authorities for reclamation of the Group's site located in Tung Kok Tau has been lodged. As for the disputes over the equity interests in the relevant joint venture, the hearing of international arbitration has now been fixed at the end of this March. Meanwhile, negotiations with the joint venture partner are still on-going and the Group will endeavor to negotiate with it to resolve the disputes.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 14 April 2008 to Friday, 18 April 2008, 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 Friday, 11 April 2008.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 31 December 2007, 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:

Name of Director	Number of issued ordinary shares held (long position)		Percentage of the issued share capital of the Company
	Personal interests	Corporate interests	
Mr. CHUA Domingo <i>(Note)</i>	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 Domingo is the sole shareholder and director.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

(Continued)

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 2007; 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 (the “**Stock Exchange**”).

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2007, 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
Plus Holdings Limited (provisional liquidators appointed) <i>(Note)</i>	13,152,000	6%

Note: The interests of Plus Holdings Limited were held through Telecom Plus Investment Limited, its wholly-owned subsidiary.

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 2007.

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 Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”) throughout the six months ended 31 December 2007.

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 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 2007.

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 these unaudited interim report for the six months ended 31 December 2007.

By Order of the Board



CHAN Wing Kit, Frank
Director and Chief Executive Officer

Hong Kong, 14 March 2008

Condensed Consolidated Income Statement

For the six months ended 31 December 2007

	Notes	Unaudited Six months ended 31 December	
		2007 HK\$'000	2006 HK\$'000
Turnover	3	96,854	87,921
Cost of sales		(47,728)	(51,740)
Gross profit		49,126	36,181
Other income	5	29,263	16,066
Increase in fair value of investment properties		13,237	5,973
Administrative expenses		(27,327)	(28,271)
Finance costs	7	(10,318)	(8,234)
Profit before taxation		53,981	21,715
Taxation	8	(17,155)	(7,308)
Profit for the period		36,826	14,407
Attributable to:			
Equity holders of the Company		37,297	13,411
Minority interests		(471)	996
		36,826	14,407
Dividends	9	6,573	6,573
Basic earnings per share (<i>HK cents</i>)	10	17.02	6.12

Condensed Consolidated Balance Sheet

At 31 December 2007

		Unaudited At 31 December 2007 HK\$'000	Audited At 30 June 2007 HK\$'000
	<i>Notes</i>		
Non-current Assets			
Property, plant and equipment		14,635	13,431
Investment properties	11	1,481,557	1,410,772
Properties held for development		243,147	235,874
		1,739,339	1,660,077
Current Assets			
Properties held for sale		78,059	113,737
Loan receivables – due within one year		726	2,954
Trade and other receivables	12	59,332	103,065
Amounts due from minority shareholders		5,811	5,945
Tax recoverable		–	83
Bank deposits – pledged		50,077	31,469
Bank balances and cash		153,274	93,425
		347,279	350,678
Current Liabilities			
Trade and other payables	13	88,408	84,894
Pre-sale deposits received		10,610	8,927
Amount due to a related company – due within one year		9,859	9,811
Tax payable		72,477	67,576
Bank loans – due within one year	14	33,300	36,900
		214,654	208,108
Net Current Assets		132,625	142,570
Total Assets less Current Liabilities		1,871,964	1,802,647

Condensed Consolidated Balance Sheet (Continued)

At 31 December 2007

	<i>Notes</i>	Unaudited At 31 December 2007 HK\$'000	Audited At 30 June 2007 HK\$'000
Capital and Reserves			
Share capital	15	219,104	219,104
Reserves		1,169,035	1,079,746
Equity attributable to equity holders of the Company			
Minority interests		1,388,139	1,298,850
		44,482	43,572
Total Equity		1,432,621	1,342,422
Non-current Liabilities			
Bank loans – due after one year	14	334,300	351,300
Amount due to a related company – due after one year		9,181	18,364
Deferred tax liabilities		95,862	90,561
		439,343	460,225
		1,871,964	1,802,647

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2007

	Attributable to equity holders of the Company											
	Capital										Minority interests	Total
	Share capital	Share premium	Special reserve	redemption reserve	Translation reserve	Statutory reserve	Other reserve	Retained profits	Total			
HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000		
At 30 June 2006 (audited)												
As originally stated	219,104	426,608	55,018	1,644	13,349	721	92,451	217,732	1,026,627	34,865	1,061,492	
Effect of changes in accounting policies	-	-	-	-	-	-	-	(2,371)	(2,371)	-	(2,371)	
As restated	219,104	426,608	55,018	1,644	13,349	721	92,451	215,361	1,024,256	34,865	1,059,121	
Exchange differences arising on translation into the Group's presentation currency recognised directly in equity	-	-	-	-	31,540	-	-	-	31,540	272	31,812	
Profit for the period	-	-	-	-	-	-	-	13,411	13,411	996	14,407	
Total recognised income and expense for the period	-	-	-	-	31,540	-	-	13,411	44,951	1,268	46,219	
Cash dividends	-	-	-	-	-	-	-	(6,573)	(6,573)	-	(6,573)	
At 31 December 2006 (unaudited)	219,104	426,608	55,018	1,644	44,889	721	92,451	222,199	1,062,634	36,133	1,098,767	
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 into the Group's presentation currency 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 dividends	-	-	-	-	-	-	-	(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	

Condensed Consolidated Cash Flow Statement

For the six months ended 31 December 2007

	Unaudited	
	Six months ended	
	31 December	
	2007	2006
	HK\$'000	HK\$'000
NET CASH FROM (USED IN) OPERATING ACTIVITIES	122,862	(8,704)
NET CASH USED IN INVESTING ACTIVITIES	(16,209)	(384,412)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(56,774)	383,988
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	49,879	(9,128)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	93,425	97,736
EFFECT OF FOREIGN EXCHANGE RATE CHANGE	9,970	(12,046)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by bank balances and cash	153,274	76,562

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2007

1. BASIS OF PREPARATION

These 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 (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

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.

These condensed consolidated financial statements of the Group for the six months ended 31 December 2007 are unaudited and have been reviewed by the Audit Committee of the Company.

2. PRINCIPAL ACCOUNTING POLICIES

These 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 these condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2007.

In the current interim period, the Group has applied, for the first time, a number of new standard, amendment and interpretations (“**new HKFRSs**”) issued by the HKICPA, which are effective for the Group’s accounting period beginning on or after 1 July 2007. 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.

For the six months ended 31 December 2007

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

The Group has not early applied the following new standard, amendments and interpretations that have been issued but are not yet effective. The Directors of the Company anticipate that the application of these new or revised standard, amendments or interpretations will have no material impact on the results and the financial position of the Group:

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKFRS 8	Operating Segments ¹
HK (IFRIC) – INT 12	Service Concession Arrangements ²
HK (IFRIC) – INT 13	Customer Loyalty Programmes ³
HK (IFRIC) – INT 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ²

¹ Effective for annual periods beginning on or after 1 January 2009.

² Effective for annual periods beginning on or after 1 January 2008.

³ Effective for annual periods beginning on or after 1 July 2008.

3. TURNOVER

Turnover represents the aggregate of gross proceeds from sales of properties and gross property rental income during the period.

4. 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.

For the six months ended 31 December 2007

4. SEGMENT INFORMATION *(Continued)***Business segments** *(Continued)*

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					
	2007	2006	2007	2006	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
TURNOVER						
External sales	62,163	73,054	34,691	14,867	96,854	87,921
SEGMENT RESULT	13,601	12,718	41,035	16,785	54,636	29,503
Unallocated other income					16,790	8,072
Unallocated corporate expenses					(7,127)	(7,626)
Finance costs					(10,318)	(8,234)
Profit before taxation					53,981	21,715
Taxation					(17,155)	(7,308)
Profit for the period					36,826	14,407

Geographical segments

For the six months ended 31 December 2007 and 31 December 2006, 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.

For the six months ended 31 December 2007

5. OTHER INCOME

	Unaudited	
	Six months ended	
	31 December	
	2007	2006
	HK\$'000	HK\$'000
Included in other income are:		
Bank interest income	759	1,318
Exchange gain, net	16,602	7,396
Gain in receivable for vendor's undertakings	7,706	–
Imputed interest income on loan receivables	42	190
Decrease in financial guarantee contracts	–	971
Sundry income	4,154	6,191
	29,263	16,066

6. DEPRECIATION AND AMORTISATION

	Unaudited	
	Six months ended	
	31 December	
	2007	2006
	HK\$'000	HK\$'000
Profit before taxation has been arrived at after charging the following items:		
Depreciation	906	994
Amortisation of prepaid lease payments	1,665	1,574

For the six months ended 31 December 2007

7. FINANCE COSTS

	Unaudited Six months ended 31 December	
	2007 HK\$'000	2006 HK\$'000
Interest on bank borrowings wholly repayable within five years	9,749	7,564
Imputed interest expense on amount due to a related company	569	670
	10,318	8,234

8. TAXATION

	Unaudited Six months ended 31 December	
	2007 HK\$'000	2006 HK\$'000
The tax charge comprises:		
Hong Kong Profits Tax		
Overprovision in prior years	–	52
Income tax elsewhere in the PRC		
Current period	15,565	6,171
Deferred tax liabilities		
Current period	1,590	1,085
	17,155	7,308

Hong Kong Profits Tax is calculated at 17.5% (2006: 17.5%) of the estimated assessable profits for the period.

For the six months ended 31 December 2007

8. TAXATION (Continued)

PRC Foreign Enterprise Income Tax (“FEIT”) and land appreciation tax (“LAT”) are calculated at the rates prevailing in the PRC. The statutory rate of the FEIT for the current period is 33% (2006: 33%). Pursuant to relevant laws and regulations in the PRC, the subsidiary of the Group that is qualified as productive foreign investment enterprises established in cities within the coastal economic zones and special economic zones are entitled to PRC enterprise income tax at concessionary rate at 15%. LAT is charged at progressive rates on the applicable appreciation value.

Pursuant to the PRC enterprise income tax law promulgated on 16 March 2007, the new tax rates for domestic and foreign enterprises are unified at 25% and will be effective from 1 January 2008. For a subsidiary which currently applied for statutory tax rate of 33%, deferred tax is recognised based on the tax rate that are expected to apply to the period when the asset is realised or the liability is settled.

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

9. DIVIDENDS

On 17 January 2008, a final dividend of 3 Hong Kong cents (2006: 3 Hong Kong cents) per share was paid to the Company’s shareholders as a final dividend for the year ended 30 June 2007.

The Directors have declared an interim dividend of 3 Hong Kong cents (2006: 3 Hong Kong cents) per share for the six months ended 31 December 2007 to all shareholders whose names appear on the register of members of the Company on 18 April 2008.

10. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share attributable to equity holders of the Company is based on profit attributable to equity holders of the Company of HK\$37,297,000 (2006: HK\$13,411,000) for the period and on 219,103,681 (2006: 219,103,681) ordinary shares in issue throughout the period.

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

For the six months ended 31 December 2007

11. INVESTMENT PROPERTIES

	<i>HK\$ '000</i>
FAIR VALUE	
At 30 June 2007 (audited)	1,410,772
Exchange realignment	57,548
Increase in fair value	13,237
At 31 December 2007 (unaudited)	1,481,557

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. The revaluation gave rise to a net gain arising from changes in fair value of HK\$13,237,000 (2006: HK\$5,973,000) which has been credited to the condensed consolidated income statement.

12. TRADE AND OTHER RECEIVABLES

At 31 December 2007, the balance of trade and other receivables included trade receivables of HK\$14,485,000 (30 June 2007: HK\$14,552,000), receivables from home buyers who defaulted on repayment to banks, representing the loans taken over by the Group, of HK\$35,629,000 (30 June 2007: HK\$36,109,000) with collateral of properties and an amount receivable as at 31 December 2007 for vendor's undertakings of HK\$2,576,000 (30 June 2007: HK\$47,962,000) in relation to the acquisition of subsidiaries in the year ended 30 June 2006. 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 is as follows:

	Unaudited	Audited
	At 31	At 30
	December	June
	2007	2007
	HK\$'000	HK\$'000
0 – 60 days	12,365	14,552
61 – 90 days	66	–
Over 90 days	2,054	–
	14,485	14,552

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13. TRADE AND OTHER PAYABLES

At 31 December 2007, the balance of trade and other payables included trade payables of HK\$19,029,000 (30 June 2007: HK\$21,452,000). The aged analysis of trade payables is as follows:

	Unaudited At 31 December 2007 HK\$'000	Audited At 30 June 2007 HK\$'000
0 – 60 days	4,450	7,433
61 – 90 days	160	–
Over 90 days	14,419	14,019
	19,029	21,452

14. BANK LOANS

	Unaudited At 31 December 2007 HK\$'000	Audited At 30 June 2007 HK\$'000
Secured	367,600	383,200
Unsecured	–	5,000
	367,600	388,200
The bank loans were repayable as follows:		
Within one year or on demand	33,300	36,900
More than one year, but not exceeding two years	37,900	35,300
More than two years, but not exceeding five years	296,400	316,000
	367,600	388,200
Less: Amount repayable within one year shown under current liabilities	(33,300)	(36,900)
Amount due after one year	334,300	351,300

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14. BANK LOANS *(Continued)*

The bank loans are secured by the investment properties situated in Shanghai and denominated in Hong Kong dollars.

The loans carried interest at variable rates ranging from 0.61% to 1% over Hong Kong Interbank Offered Rate.

15. SHARE CAPITAL

	Number of shares		Amount	
	Unaudited At 31 December 2007	Audited At 30 June 2007	Unaudited At 31 December 2007 <i>HK\$'000</i>	Audited At 30 June 2007 <i>HK\$'000</i>
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.

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16. SHARE OPTION SCHEME *(Continued)*

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 2007 and 31 December 2006.

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 2007, the Group had given guarantees in respect of such home loans of HK\$301,423,000 (30 June 2007: HK\$357,976,000). The Directors of the Company consider that the fair values of these financial guarantee contracts at their initial recognition are insignificant on the basis of the low loan ratio.

18. RELATED PARTY TRANSACTIONS

Other than the amounts due from minority shareholders 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	
	2007	2006
	HK\$'000	HK\$'000
Rental and management fees paid	3,442	3,883
Consultancy service fees paid	562	500

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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 2007 and 30 June 2007 are as follows:

	Unaudited At 31 December 2007 HK\$'000	Audited At 30 June 2007 HK\$'000
Deposits due from related companies included in trade and other receivables	333	333
Amounts due from related companies included in trade and other receivables	1,191	1,062
Amount due to a related company included in trade and other payables	1,348	1,348

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\$620,000 (2006: HK\$908,000).