



Dynamic Global Holdings Limited

(Incorporated in Bermuda with limited liability)
Stock code: 00231



Dynamic Global

Interim Report 2009

CORPORATE INFORMATION

Board of Directors

Executive Directors:
Mr. Zhang Guodong
Mr. Zhong Guoxing

Non-executive Director:
Ms. Liang Huixin

Independent Non-executive Directors:
Dr. Dong Ansheng
Mr. Wu Fengchun
Mr. Hung Hing Man

Audit Committee

Dr. Dong Ansheng
(Committee Chairman)
Mr. Wu Fengchun
Mr. Hung Hing Man

Remuneration Committee

Dr. Dong Ansheng
(Committee Chairman)
Mr. Wu Fengchun
Mr. Zhong Guoxing
Mr. Hung Hing Man

Nomination Committee

Dr. Dong Ansheng
(Committee Chairman)
Mr. Wu Fengchun
Mr. Zhong Guoxing
Mr. Hung Hing Man

Authorised Representatives

Mr. Zhong Guoxing
Mr. Chan Kwan Pak

Company Secretary

Mr. Chan Kwan Pak

Auditors

SHINEWING (HK) CPA Limited
16/F, United Centre
95 Queensway
Hong Kong

Principal Bankers

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

Principal Registrar and Transfer Office

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

Hong Kong Branch Registrar and Transfer Office

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

Registered Office

Rosebank Centre
11 Bermudiana Road
Pembroke
Bermuda

Head Office and Principal Places of Business

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

Website

www.dgholdings.com.hk

Stock Code

00231

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 2009, together with the comparative figures for the corresponding period in 2008 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended	
	<i>Note</i>	30.6.2009 (Unaudited) HK\$'000	30.6.2008 (Unaudited) HK\$'000
Turnover	3	10,669	32,470
Cost of sales		(2,438)	(16,610)
Gross profit		8,231	15,860
Other revenue		753	227
Negative goodwill	10(a)	4,136	–
Valuation gain on investment properties	9	4,535	–
Distribution costs		(145)	(1,574)
Administrative expenses		(14,416)	(17,248)
Profit/(loss) from operations	4	3,094	(2,735)
Finance costs	5	(1,802)	(3,045)
Profit/(loss) before taxation		1,292	(5,780)
Income tax	6	(13,590)	–
Loss for the period		(12,298)	(5,780)
Attributable to:			
Equity shareholders of the Company		(12,963)	(6,165)
Minority interests		665	385
		(12,298)	(5,780)
Loss per share	8		
– Basic		(0.347 cents)	(0.176 cents)
– Diluted		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended	
	30.6.2009 (Unaudited) HK\$'000	30.6.2008 (Unaudited) HK\$'000
Loss for the period	(12,298)	(5,780)
Other comprehensive income		
Exchange differences on translation of the financial statements of overseas subsidiaries	70	14,085
Total comprehensive (loss)/income for the period	(12,228)	8,305
Total comprehensive (loss)/income attributable to:		
Equity shareholders of the Company	(12,893)	4,300
Minority interests	665	4,005
	(12,228)	8,305

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	30.6.2009 (Unaudited) HK\$'000	31.12.2008 (Audited) HK\$'000
Non-current assets			
Interests in leasehold land held for own use under operating leases		5,876	5,985
Property, plant and equipment		4,468	4,708
Investment properties	9	307,256	302,721
Deposits for acquisition of subsidiaries	10	–	21,351
Long-term other receivable	11	–	5,682
Intangible asset	12	49,825	–
		367,425	340,447
Currents assets			
Inventories		2,869	3,223
Trade and other receivables	13	33,172	32,229
Pledged and restricted bank balances		3,258	2,931
Cash and cash equivalents		76,053	80,680
		115,352	119,063
Current liabilities			
Trade and other payables	14	58,275	55,865
Secured bank loans	15	8,929	7,370
Obligations under finance lease		–	310
Current taxation		1,006	1,006
Provisions		1,119	1,783
		(69,329)	(66,334)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*(continued)*

	<i>Note</i>	30.6.2009 (Unaudited) HK\$'000	31.12.2008 (Audited) HK\$'000
Net current assets		46,023	52,729
Total assets less current liabilities		413,448	393,176
Non-current liabilities			
Secured bank loans	15	91,978	49,745
Obligations under finance lease		-	646
Other payable	10(b)	10,000	-
Deferred tax liabilities		52,913	39,323
		(154,891)	(89,714)
Net assets		258,557	303,462
Capital and reserves			
Share capital	16	196,667	180,625
Reserves		55,834	62,310
Total equity attributable to equity shareholders of the Company		252,501	242,935
Minority interests		6,056	60,527
Total equity		258,557	303,462

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the six months ended 30 June 2009*

	Share capital	Share premium	Capital reserve	Capital redemption reserve	Exchange 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 2008	301,041	63,528	222,194	52	19,143	(641,200)	(35,242)	56,011	20,769
Issue of shares	60,208	21,196	-	-	-	-	81,404	-	81,404
Capital reduction	(270,937)	-	270,937	-	-	-	-	-	-
Share premium cancellation	-	(84,724)	84,724	-	-	-	-	-	-
Shares issued under									
open offer	90,313	126,437	-	-	-	-	216,750	-	216,750
Expenses for issue of shares	-	(2,260)	-	-	-	-	(2,260)	-	(2,260)
Elimination of									
accumulated losses	-	-	(577,855)	-	-	577,855	-	-	-
Exchange differences on translation of the financial statements of overseas subsidiaries	-	-	-	-	9,417	-	9,417	3,277	12,694
Loss for the year	-	-	-	-	-	(27,134)	(27,134)	1,239	(25,895)
At 31 December 2008 and 1 January 2009	180,625	124,177	-	52	28,560	(90,479)	242,935	60,527	303,462
Acquired minority interests of a subsidiary (note 10(a))	-	-	-	-	-	-	-	(55,136)	(55,136)
Shares issued pursuant to the acquisition of a subsidiary (note 10(b))	16,042	6,417	-	-	-	-	22,459	-	22,459
Exchange differences on translation of the financial statements of overseas subsidiaries	-	-	-	-	70	-	70	-	70
Loss for the period	-	-	-	-	-	(12,963)	(12,963)	665	(12,298)
At 30 June 2009	196,667	130,594	-	52	28,630	(103,442)	252,501	6,056	258,557
At 1 January 2008	301,041	63,528	222,194	52	19,143	(641,200)	(35,242)	56,011	20,769
Exchange differences on translation of the financial statements of overseas subsidiaries	-	-	-	-	10,465	-	10,465	3,620	14,085
Issue of shares	60,208	21,196	-	-	-	-	81,404	-	81,404
Loss for the period	-	-	-	-	-	(6,165)	(6,165)	385	(5,780)
At 30 June 2008	361,249	84,724	222,194	52	29,608	(647,365)	50,462	60,016	110,478

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended	
	30.6.2009 (Unaudited) HK\$'000	30.6.2008 (Unaudited) HK\$'000
Net cash (used in)/generated from operating activities	(3,299)	10,172
Net cash (used in)/generated from investing activities	(42,368)	1,277
Net cash generated from/(used in) financing activities	41,033	(35,350)
Net decrease in cash and cash equivalents	(4,634)	(23,901)
Cash and cash equivalents at beginning of the period	80,680	34,743
Effect of foreign exchange rate changes, net	7	(2,220)
Cash and cash equivalents at end of the period	76,053	8,622
Analysis of balances of cash and cash equivalents		
Cash and bank balances	76,053	8,622

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the Six Months Ended 30 June 2009

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 with the 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 basis except for investment properties, which are stated at fair value.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2009.

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. HKFRS 8 "Operating segments" is a disclosure Standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor Standard, HKAS 14 "Segment reporting", required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 (see note 3). The adoption of the new HKFRSs had no material effect on the reported results and financial position for the Group for the current or prior accounting periods.

2. Principal accounting policies *(continued)*

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

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of improvements to HKFRSs issued in 2008 ¹
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 ²
HKAS 27 (Revised)	Consolidated and separate financial statements ¹
HKAS 39 (Amendment)	Eligible hedged items ¹
HKFRS 1 (Amendment)	First-time adoption of Hong Kong Financial Reporting Standards ¹
HKFRS 2 (Amendment)	Group cash-settled share based payments transactions ³
HKFRS 3 (Revised)	Business combinations ¹
HK (IFRIC) – INT 17	Distributions of non-cash assets to owners ¹
HK (IFRIC) – INT 18	Transfers of assets from customers ⁴

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

² Amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate.

³ Effective for annual periods beginning on or after 1 July 2010.

⁴ Effective for transfers on or after 1 July 2009.

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in a Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new or revised standards, amendments and interpretations will have no material impact on the results and financial position of the Group.

3. Segment information

The Group has adopted HKFRS 8 "Operating segments" with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. In contrast, the predecessor Standard (HKAS 14 "Segment reporting") required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of the measurement of segment profit or loss.

3. Segment information (continued)

The following is an analysis of the Group's revenue and results by operating segments for the period.

	Property development		Property leasing		Investment holding		Hotel management and operation		Others		Consolidated	
	Six months ended 30 June											
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Segment revenue:												
Sales to external customers	-	25,998	7,944	5,437	-	-	1,128	-	1,597	1,035	10,669	32,470
Other revenue	50	-	525	-	-	18	-	-	69	136	644	154
Total	50	25,998	8,469	5,437	-	18	1,128	-	1,666	1,171	11,313	32,624
Segment results	(778)	3,698	8,863	1,300	(10,066)	(5,973)	388	(993)	442	(840)	(1,151)	(2,808)
Interest income											109	73
Negative goodwill											4,136	-
Profit/(loss) from operations											3,094	(2,735)
Finance costs											(1,802)	(3,045)
Profit/(loss) before taxation											1,292	(5,780)
Income tax											(13,590)	-
Loss for the period											(12,298)	(5,780)

4. Profit/(loss) from operations

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

	Six months ended	
	30.6.2009 HK\$'000	30.6.2008 HK\$'000
Amortisation of interests in leasehold land held for own use under operating leases	109	110
Amortisation of intangible asset	634	-
Depreciation of property, plant and equipment	412	1,374
Impairment losses on trade and other receivables	78	-
Write back of other payables	(525)	-
Interest income	(109)	(73)

5. Finance costs

	Six months ended	
	30.6.2009 <i>HK\$'000</i>	30.6.2008 <i>HK\$'000</i>
Interest on bank and other loans wholly repayable		
– within five years	–	3,045
– over five years	1,695	–
Finance charges on obligations under finance leases	107	–
	1,802	3,045

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 (30.6.2008: 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.

	Six months ended	
	30.6.2009 <i>HK\$'000</i>	30.6.2008 <i>HK\$'000</i>
Deferred taxation		
Fair value adjustment of investment properties	1,134	–
Fair value adjustment from acquisition of intangible asset	12,615	–
Credited to condensed consolidated income statement	(159)	–
	13,590	–

7. Dividend

The Board of the Company does not recommend the payment of an interim dividend in respect of the six months ended 30 June 2009 (30.6.2008: Nil).

8. Loss per share

The calculation of the basic loss per share is based on the loss attributable to the equity shareholders of the Company for the period of approximately HK\$12,963,000 (30.6.2008: loss of approximately HK\$6,165,000) and on the weighted average of 3,740,118,272 (30.6.2008: 3,498,955,680) ordinary shares in issue during the period.

No diluted loss per share has been presented for the periods ended 30 June 2009 and 2008 as there were no diluted potential ordinary shares during either period.

9. Investment properties

The fair values of the Group's investment properties at 30 June 2009 have been arrived at on an open market value basis by reference to net rental income allowing for reversionary income potential. The valuation was carried out by an independent firm of surveyors, Dynasty Premium Asset Valuation & Real Estate Consultancy Limited, who have among their staff fellows of the Hong Kong Institute of Surveyors.

A valuation gain of approximately HK\$4,535,000 has been credited to the condensed consolidated income statement in the current period.

10. Deposits for acquisition of subsidiaries

	Note	30.6.2009 HK\$'000	31.12.2008 HK\$'000
Deposit for acquisition of additional interest in a subsidiary	(a)	-	11,351
Deposit for acquisition of a subsidiary	(b)	-	10,000
		-	21,351

Notes:

- a) On 24 November 2008, the Group entered into an agreement with Zhuhai Rongye Technology Development Limited, the minority shareholder of a 70% owned subsidiary, namely Harbin Dynamic Global Property Co., Ltd. ("Harbin Dynamic") to acquire its 30% equity interest in Harbin Dynamic at a consideration of HK\$51,000,000 (approximately RMB44,931,000). As at 31 December 2008, a deposit of approximately HK\$11,351,000 (amounted to RMB10,000,000) was paid by the Group.

The remaining balance of HK\$39,649,000 was fully settled during the current period and the acquisition was completed on 8 April 2009. The negative goodwill, represented the excess of the carrying value of the minority interests over the cost of acquisition, of approximately HK\$4,136,000 arisen from this acquisition has been credited to the condensed consolidated income statement.

- b) On 11 December 2008, the Group entered into an acquisition agreement with an independent third party, Zhuhai City Guo Xiang Investment and Consultancy Limited, to acquire 100% issued capital of Zhuhai City Xiang Quan Hotel Company Limited ("Xiang Quan Hotel") and the Sale Loan amounting to approximately RMB46,936,000 (equivalent to about HK\$53,035,000) for a consideration of HK\$50,000,000.

10. Deposits for acquisition of subsidiaries *(continued)**Notes: (continued)*

- b) As at 31 December 2008, an initial deposit of RMB8,850,000 (equivalent to about HK\$10,000,000) was paid by the Group. The remaining balance of HK\$8,000,000 will be paid in cash upon completion; HK\$22,000,000 will be satisfied by issue of shares (comprising 372,881,356 new shares to be issued at the price of HK\$0.059 per share); a retention money amounted to HK\$10,000,000 ("retention money") will be paid after occurrence of any one of the following two events: (i) all the necessary procedures on the mortgage of the three shops of number 6, 7 and 8 located at 116 Xiangtu Road, Xiang Zhou, Zhuhai City in favour of the purchaser have been duly completed; or (ii) the contractor has completed all the obligation under the Management Agreement, provided that in all events the payment shall be made on a date at least two years after the date of Acquisition Agreement. As at the report date, the above events had not yet fully fulfilled and the retention money payable is accounted for as other payable under non-current liabilities.

On 19 January 2009, the Group entered into a revised acquisition agreement for the acquisition of Xiang Quan Hotel whereby the total consideration was adjusted to HK\$46,929,000 (equivalent to RMB41,392,000). The unpaid consideration of HK\$26,929,000 (net of initial deposit paid and retention money payable) was fully satisfied by payment of cash of HK\$8,000,000 and by issue of 320,837,000 new shares of the Company at the price of HK\$0.059 per share during the current period. The acquisition was completed on 20 April 2009.

11. Long term other receivable

On 3 December 2008, the Group entered into an agreement (the "Agreement") with Unionpay Digital Investment Limited ("Unionpay") (銀聯數碼投資有限公司), an independent third party, for exploration of a telephone smartcard business (the "Project") in PRC. Pursuant to the supplementary agreement signed on 8 April 2009, the Group has to contribute RMB10,000,000 ("Contribution") for the Project and the first payment of RMB5,000,000 shall be made upon signing of the Agreement. The second and last payments of RMB3,000,000 and RMB2,000,000 shall be made within 270 and 365 days from the date of the Agreement.

According to the Agreement, Unionpay shall return the Contribution to the Group within two years from the date of the Agreement. If Unionpay does not return the Contribution to the Group, Unionpay shall pay the Group compensation equals to 10% of the Contribution.

On 27 April 2009, both the Group and Unionpay agreed to terminate the Agreement and the first payment of RMB5,000,000 had been fully refunded by Unionpay during the current period.

12. Intangible asset

	30.6.2009 HK\$'000	31.12.2008 <i>HK\$'000</i>
Rights to receive royalty fee	50,459	—
Less: Amortisation for the current period	(634)	—
	49,825	—

In July 2008, Xiang Quan Hotel entered into a management agreement with a contractor whereby Xiang Quan Hotel granted the hotel operation rights in respect of the hotel as operated by it to the contractor for a term from 1 August 2008 to 31 December 2024 at the annual royalty varying from RMB5,000,000 to RMB7,800,000 (with free royalty for the period from 1 August to 31 December 2008) payable to Xiang Quan Hotel. Under the management agreement, aggregate sum of royalties payable by the contractor to Xiang Quan Hotel over the whole terms amount to RMB106,600,000.

Xiang Quan Hotel became a wholly owned subsidiary of the Group upon the completion of the acquisition on 20 April 2009 (*noted 10(b)*).

The fair value of the rights to receive royalty fee is approximately HK\$50,459,000 at the date of completion of the acquisition and is amortised, using the straight line method, over the remaining terms of the management agreement. At the date of completion of the acquisition, the only asset of Xiang Quan Hotel is the rights to receive royalty fee.

13. Trade and other receivables

At 30 June 2009, included in trade and other receivables are trade receivables of approximately HK\$9,834,000 (31.12.2008: approximately HK\$9,325,000).

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:

	30.6.2009 HK\$'000	31.12.2008 <i>HK\$'000</i>
Within 3 months	450	7,202
More than 3 months but less than 6 months	—	63
More than 6 months but less than 1 year	7,324	2,060
More than 1 year but less than 2 years	2,060	—
	9,834	9,325

14. Trade and other payables

At 30 June 2009, included in trade and other payables are trade payables of approximately HK\$32,609,000 (31.12.2008: approximately HK\$34,456,000).

An aging analysis of the trade payables is as follows:

	30.6.2009 <i>HK\$'000</i>	31.12.2008 <i>HK\$'000</i>
More than 6 months but less than 1 year	44	124
More than 1 year but less than 2 years	42	5,360
More than 2 years	32,523	28,972
	32,609	34,456

15. Secured bank loans

The secured bank loans were repayable as follows:

	30.6.2009 <i>HK\$'000</i>	31.12.2008 <i>HK\$'000</i>
Within 1 year or on demand	8,929	7,370
After 1 year but within 2 years	11,196	7,370
After 2 years but within 5 years	38,691	22,109
After 5 years	42,091	20,266
	91,978	49,745
	100,907	57,115

In the current period, the Group entered into a loan agreement with a bank for facilities amounting to approximately HK\$100,907,000 (equivalent to RMB89,000,000). Such bank loan was secured by pledging the Group's investment properties and bank balances amounting to approximately HK\$307,256,000 (note 9) and HK\$3,258,000 respectively. A substantial shareholder of the Company, Mr. Liang Wenguan ("Mr. Liang"), provided a personal guarantee to the bank for the repayment of the bank loan.

The bank loan as entered by the Group in 2008 was fully repaid during the current period.

16. Share capital

On 20 April 2009, 320,837,000 new shares ("consideration shares") of the Company were issued as part of the consideration of the acquisition of the entire equity interest in Xiang Quan Hotel (*note 10(b)*). The consideration shares were credited as fully paid upon completion of the acquisition at the closing published price of the shares of the Company of HK\$0.07 per share on 20 April 2009. In accordance with HKFRS 3 "Business Combination", the share premium amount arising from the issue of the consideration shares was based on the closing published price at the date of completion of the acquisition of HK\$0.07 per share rather than the agreed issue price of HK\$0.059 per consideration share as provided in the acquisition agreement.

17. Material related party transactions

- a) During the current period, Mr. Liang, provided a personal guarantee to the bank for the repayment of the bank loan of approximately HK\$100,907,000 (31.12.2008: Nil) (*note 15*).
- b) During the current period, the remuneration for key management personnel of the Group, including the Company's directors, was approximately HK\$2,393,000 (six months ended 30.6.2008: approximately HK\$1,328,000).

18. Operating lease commitments

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

	30.6.2009 HK\$'000	31.12.2008 HK\$'000
Within one year	1,240	2,214
In the second to fifth years, inclusive	21	415
	1,261	2,629

BUSINESS REVIEW AND PROSPECTS

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

For the six months ended 30 June 2009, the Group recorded a turnover of HK\$10,669,000, representing a decrease of 67.14% from HK\$32,470,000 for the corresponding period last year. The sharp decrease in the turnover for the period was due mainly to lack of sales of properties in the period. In the period, rental income from the Harbin Commercial Building remained the major contributor for the Group.

The Group's unaudited consolidated loss for the period under review amounted to HK\$12,298,000, representing an increase of 112.77% from HK\$5,780,000 for the corresponding period last year. The main reason for the increase in loss for the period was the provision of deferred tax of HK\$13,590,000. However, the operating results have slightly improved mainly attributable to the inclusion of a negative goodwill arising from an acquisition and a valuation gain on investment properties, and reduction in distribution and finance costs as well as administrative expenses.

After the capital reorganisation becoming effective in September 2008, the Group had initiated two acquisitions in end of 2008. The first one was the acquisition of the remaining 30% equity interest in Harbin Dynamic Global Property Company Limited ("Harbin DG"), a major subsidiary of the Company. The acquisition was completed in April 2009 and the subsidiary became a wholly owned subsidiary of the Company. The second one was the acquisition of the management right of a Zhuhai City Xiang Quan Hotel Company Limited. The acquisition was also completed in April 2009.

While Harbin DG has been providing long-term steady rental income for the Group, the acquisition of its remaining 30% interest will propositionally increase the profit attributable to the equity holders of the Company. The acquisition of the hotel management right will generate an annual royalty fee income of RMB 5,000,000 to RMB 7,800,000 for the Group.

With the concerted efforts of the governments by way of massive stimulus fiscal package and monetary easing, the global economy seems to have stabilised. The PRC economy remains healthy and is expected to grow steadily in the years to come. To ride on the improving mainland economy, the Group will eye on opportunities for property investment in the PRC and probably for diversifying into new business which may derive new sources of revenue for the Group in the near future.

ASSETS AND LIABILITIES

As at 30 June 2009, the Group had total liabilities of about HK\$224,220,000, of which approximately HK\$8,929,000 was secured bank loans repayable within the next 12 months.

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

As at 30 June 2009, the Group's current assets and current liabilities were HK\$115,352,000 and HK\$69,329,000 respectively.

As at 30 June 2009, main charges on assets of the Group were investment properties and bank balances of approximately HK\$307,256,000 and HK\$3,258,000 respectively.

The Group's assets/liabilities ratio is calculated on its total liabilities divided by total tangible assets. As at 30 June 2009, the ratio was 46%.

As at 30 June 2009, the Group had no material capital commitments.

The Board believes that the Group's cash holding, liquid asset value and future revenue 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' REMUNERATION

Commencing 1 March 2009, Mr. Zhang Guodong's remuneration (including salary and year-end bonus) will amount to approximately HK\$650,000 per annum.

Commencing 11 August 2009, Mr. Zhong Guoxing's remuneration (including salary and year-end bonus) will amount to approximately HK\$650,000 per annum.

Commencing 11 August 2009, Ms. Liang Huixin's remuneration (including salary and year-end bonus) will amount to approximately HK\$390,000 per annum.

Commencing 6 December 2008, Dr. Dong Ansheng's remuneration will amount to approximately HK\$150,000 per annum.

Commencing 6 December 2008, Mr. Wu Fengchun's remuneration will amount to approximately HK\$150,000 per annum.

Commencing 23 September 2009, Mr. Hung Hing Man's remuneration will amount to approximately HK\$150,000 per annum.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS' INTERESTS

As at 30 June 2009, 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 (Cap.571 of the Laws of Hong Kong) ("SFO")) which are (a) required to be notified to the Company and the Hong Kong 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 Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers. During the six months ended 30 June 2009, 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

As at 30 June 2009, 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\$0.05 each			Shareholding percentage
		Personal interests	Corporate interests	Total	
Mr. Liang Wenguan ("Mr. Liang")	1	125,412,000	2,084,549,171	2,209,961,171	56.19%
Gree International Holding Limited ("Gree")	1	–	723,970,000	723,970,000	18.41%

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 18.41% of the issued shares capital of the Company as at 30 June 2009.

As at 30 June 2009, 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 "Code") as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2009 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 Board 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 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 and any other applicable laws whereby they shall vacate or retire from their office. According to the Bye-laws, at each annual general meeting 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. The Company has made specific enquiry to all Directors regarding any non-compliance with the Model Code during the period and they all confirmed that they have fully complied with the required standard set out in the Model Code.

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 2009 have been reviewed by the Audit Committee before recommendation to the Board for approval.

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 2009.

By Order of the Board
Zhang Guodong
Executive Director

Hong Kong, 25 September 2009