



DYNAMIC HOLDINGS LIMITED

達力集團有限公司

(Incorporated in Bermuda with limited liability)

Stock Code: 29

A large, stylized Chinese character '進' (Jìn) is rendered in a light tan color. It is positioned behind a large, solid brown circle. The character's strokes are thick and expressive, with a long, sweeping tail that curves downwards and to the right. The overall composition is minimalist and artistic.

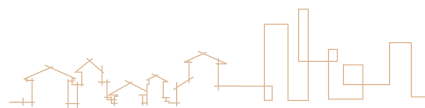
Interim Report
2009-2010



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DIRECTORS

Executive Directors

CHUA Domingo, *Chairman*

CHAN Wing Kit, Frank,
Chief Executive Officer

TAN Harry 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

SHARE REGISTRARS

Principal Share Registrars

Butterfield Fulcrum Group (Bermuda)
Limited

Rosebank Centre
11 Bermudiana Road
Pembroke HM 08
Bermuda

Branch Share Registrars

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

LEGAL ADVISERS

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

PRINCIPAL BANKERS

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



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

STOCK CODE

029

WEBSITES

<http://www.dynamic.hk>
<http://www.irasia.com/listco/hk/dynamic>

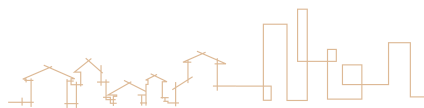
**REPRESENTATIVE OFFICE IN
SHENZHEN**

Unit 1321, Shenzhen Kerry Centre
2008 Renminnan Road, Shenzhen
The People's Republic of China

FINANCIAL CALENDAR

Book-close Dates	12 April 2010 – 16 April 2010 (both days inclusive)
Record Date for Interim Dividend	16 April 2010
Payment Date of Interim Dividend	4 May 2010

Management Statement



The Directors hereby present their management statement and the unaudited condensed consolidated financial statements of the Company and its subsidiaries (the “**Group**”) for the six months ended 31 December 2009.

INTERIM RESULTS

For the six months ended 31 December 2009, the turnover of the Group rose 52% to HK\$58,469,000 (2008: HK\$38,449,000), and the gross profit for the period grew 20% to HK\$41,757,000 (2008: HK\$34,801,000) as compared to the previous corresponding period. These results were mainly attributable to the rental income of investment properties and proceeds of property sales of the Group.

In addition, the Group recorded other income in the sum of HK\$11,629,000 (2008: HK\$10,484,000) including, among others, the imputed interest income and final three-month guaranteed rental income of investment properties in Shanghai as provided by the vendor in the period.

After all, the Company showed turnaround profit of HK\$23,108,000 (2008: loss of HK\$22,085,000) for the period attributable to its owners with earnings per share of HK\$0.1055 (2008: loss per share of HK\$0.1008), primarily due to the stabilisation of the overall fair value of investment properties of the Group without further provision of depreciation made in the period under review.

Taken into account of other comprehensive income of exchange gain on translation to presentation currency, the total comprehensive income attributable to owners of the Company aggregated to HK\$25,370,000 (2008: expense of HK\$37,746,000).

SEGMENT INFORMATION

Details of the segment information of the Group’s turnover and results by reportable segment for the period are set out in note 3 to the condensed consolidated financial statements.

INTERIM DIVIDEND

The Directors have declared an interim dividend of 2 Hong Kong cents (2008: 2 Hong Kong cents) per share for the six months ended 31 December 2009 to all shareholders whose names appear on the register of members of the Company on 16 April 2010. The dividend warrants are expected to be despatched to those entitled on or about 4 May 2010.



BUSINESS REVIEW

In the period under review, the Group improved results of its operating segments in terms of property rental and property sales in the mainland China, pursuant to the economy and property market in China emerged from economic recession after global financial turmoil.

The rental income of the Group generated from its investment properties in Shanghai and Beijing amounted to HK\$36,104,000 (2008: HK\$37,785,000), which contributed 61.8% to the aggregate turnover of the Group. The segment results of property rental surged to a profit of HK\$27,773,000 (2008: loss of HK\$16,512,000), of which HK\$25,688,000 was arisen from investment properties in Shanghai with the balance from those in Beijing, and it was in that the overall fair value of investment properties of the Group became stable under resurgent market in the period.

In Shanghai, the pressure on fall in rental and rise in vacancy rate persisted in the face of abundant newly completed high-quality office buildings which offered competitive rental to attract tenants. And the Group endeavored to sustain high occupancy rate of its quality offices known as “Eton Place” situated in Pudong, with insignificantly reduced rental income in an aggregate of HK\$25,330,000 (2008: HK\$25,827,000), supported by the final three-month guaranteed income of HK\$1,347,000 (2008: HK\$4,947,000) as provided by the vendor in the period.

In Beijing, the substantial increase in supply of retail properties prior to and immediately after the Olympics, in conjunction with cooling market sentiment thereafter, resulted in rising vacancy rates and forcing lower rent. The “Uptown Mall” of the Group strived for high level of occupancy with mildly decreased rental turnover and rental concession, and the total rental income was HK\$10,774,000 (2008: HK\$11,958,000) in the period under review.

Moreover, the residential market in Beijing witnessed robust demand that accelerated the sales volume and price level of remaining unsold residential units of Chaoyang Garden developed by the Group. The Group accounted for net proceeds of property sales in the sum of HK\$22,365,000 (2008: HK\$664,000), which contributed 38.2% to the total turnover of the Group, while the segment results climbed to HK\$7,152,000 (2008: loss of HK\$1,381,000) as against the loss of the previous corresponding period.



BUSINESS REVIEW (Continued)

As disclosed in the previous annual report of the Company, the Group lodged a petition for international arbitration in July 2009, claiming against the Chinese joint venture partner of Shenzhen Zhen Wah Harbour Enterprises Ltd. (“**Zhen Wah**”, which entitles to land use right of a piece of land located in Tung Kok Tau in Shenzhen), for its specific performance under a shareholders’ agreement that was previously awarded as legally valid and effective, which stipulated, among others, the increase of equity interests of the Group in Zhen Wah to 80%. The hearing was held on 4 September 2009. Meanwhile, the result of arbitration hearing is pending the grant of the arbitral award, which has been deferred to the end of March 2010.

FINANCIAL REVIEW

Capital Structure

The financial position of the Group remains stable and liquid, and its financing and treasury policies are managed and controlled at the corporate level and prudent manner. The main objective is to utilise the group funding efficiently and to manage the financial risks effectively. As at 31 December 2009, the equity attributable to owners of the Company amounted to HK\$1,451,672,000 (30 June 2009: HK\$1,430,684,000) with net asset value per share of HK\$6.63 (30 June 2009: HK\$6.53). Total unsecured and secured bank borrowings of the Group amounted to HK\$302,400,000 (30 June 2009: HK\$325,500,000) as at 31 December 2009, which were in Hong Kong dollars and repayable within 3 years on floating rate basis. As at 31 December 2009, the gearing ratio of the Group was about 9.6% (30 June 2009: 12.7%) based on the net debt of the Group (after deducting bank balances and cash) to its equity attributable to owners of the Company. The Group maintains a conservative approach in treasury management by constantly monitoring its exposure to interest rate and foreign exchange. The use of financial instrument is strictly controlled by the Group. No significant exposure to foreign currency fluctuations affected the Group in the period under review. No financial instruments were used for hedging purpose in the period.



FINANCIAL REVIEW (Continued)

Financial Resources and Liquidity

In the period under review, sufficient cashflow was generated by rental income of investment properties in Shanghai and Beijing as well as sales proceeds of properties in Beijing. As at 31 December 2009, the Group's bank balances and cash stood at HK\$163,099,000 (30 June 2009: HK\$144,445,000) denominated primarily in renminbi yuans and Hong Kong dollars. With sufficient cashflow in the period, the Group maintained un-utilised credit facilities of HK\$15,000,000 (30 June 2009: HK\$11,500,000) as working capital at floating interest rate as at 31 December 2009.

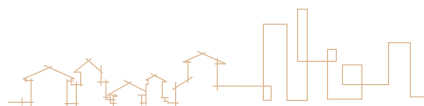
Pledge of Assets and Contingent Liabilities

As at 31 December 2009, the Group pledged its investment properties with a total carrying value of HK\$1,001,386,000 (30 June 2009: HK\$997,130,000) to financial institutions as security against general banking facilities granted to the Group, and also pledged certain of its bank deposits in the sum of HK\$12,772,000 (30 June 2009: HK\$12,303,000) to banks to secure home loans granted to the home buyers of property project of the Group. 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 2009, the Group had given guarantees in respect of such home loans of HK\$165,387,000 (30 June 2009: HK\$216,216,000). The Directors of the Company consider that the fair values of these financial guarantee contracts at their initial recognition and at the dates of statement of financial position are insignificant on the basis of the low loan ratio.

PROSPECTS

Since the economic and property market ambience in China is resilient to economic slowdown, along with the opening of the World Expo 2010 in Shanghai this summer and improving household disposable income in Beijing, it is anticipated that a recovery in leasing demand will improve vacancy rates across office and commercial sectors gradually and the decline in rents will begin to subside.

Yet, the influx of newly completed office buildings, together with the previous low absorption of vacant office spaces in Pudong will incur active market for upgrading and relocating to these new office spaces offering lower rentals, which will constrain to a certain extent the pick-up rate and rental levels of the office units of the Group.



PROSPECTS (Continued)

In Beijing, the ample supply of malls in particular in Chaoyang District will still impose downward pressure on the occupancy rate as well as rent levels of the mall of the Group. Meanwhile, it is anticipated that property sales will likely continue on an upward trend, boosted by recent soaring land prices and planned infrastructure improvements in the city over the next year.

Nevertheless, the Group will continue to be responsive to the volatile market via professional management, cost effectiveness as well as strategic market positioning. In addition, it will procure competitive leasing terms, appropriate tenant mix and brand portfolio as well as diversified theme operations to bolster the leasing and optimize the market niche of the mall, with striving rental and concession terms to retain tenants upon renewals and lure new tenants of the office units, so as to enhance the overall asset value and income of the Group.

The Group will endeavor to safeguard its best interests in the stake in Zhen Wah and continue to strive for better redevelopment plan and value of Tung Kok Tau in Shenzhen in alignment with the official rezoning and reclamation, city planning and construction of Shenzhen Metro in the region.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 12 April 2010 to Friday, 16 April 2010, both days inclusive, during which period no transfer of share(s) will be effected. In order to qualify for the interim dividend, all form(s) of share transfer accompanied by the relevant share certificate(s) 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, 9 April 2010.



DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 31 December 2009, 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.

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 2009; or would require, pursuant to Model Code for Securities Transactions by Directors of the Listed Companies, to be notified to the Company and The Stock Exchange of Hong Kong Limited.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). Having made specific enquiry of the Directors of the Company, all the Directors confirmed that they had complied with the required standards of dealings as set out therein during the six months ended 31 December 2009.

DISCLOSURE OF INFORMATION ON DIRECTORS

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

Mr. CHUA Domingo, Chairman of the Company, holds directorship in PAL Holdings, Inc., which is listed on The Philippine Stock Exchange, Inc.



SUBSTANTIAL SHAREHOLDERS

Other than the interests disclosed in the above “Directors’ interests and short positions 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 2009.

EMPLOYEES

At 31 December 2009, the Group had below 80 staff in Hong Kong and Mainland China, whereas the employees were at prevailing market remunerations with employee benefits such as medical insurance, provident fund schemes and share option scheme.

CORPORATE GOVERNANCE

The Company has complied with the code provisions in the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules throughout the six months ended 31 December 2009.

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

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

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the accounting practices and principles adopted by the Group and discussed with the management as to auditing, internal control and financial reporting matters including the review of this unaudited interim report for the six months ended 31 December 2009.

By Order of the Board

CHAN Wing Kit, Frank
Director and Chief Executive Officer

Hong Kong, 19 March 2010

Condensed Consolidated Income Statement

For the six months ended 31 December 2009

	Notes	Unaudited Six months ended 31 December	
		2009 HK\$'000	2008 HK\$'000
Turnover	3	58,469	38,449
Cost of sales		(16,712)	(3,648)
Gross profit		41,757	34,801
Other income	4	11,629	10,484
Decrease in fair value of investment properties		—	(50,300)
Administrative expenses		(18,939)	(22,691)
Finance costs	6	(1,251)	(5,318)
Share of (loss) profit of a jointly controlled entity		(3,421)	3,819
Profit (Loss) before taxation		29,775	(29,205)
Taxation	7	(6,378)	6,285
Profit (Loss) for the period		23,397	(22,920)
Attributable to:			
Owners of the Company		23,108	(22,085)
Non-controlling interests		289	(835)
		23,397	(22,920)
Basic earnings (loss) per share (<i>Hong Kong cents</i>)	8	10.55	(10.08)

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2009

	Unaudited Six months ended 31 December	
	2009 HK\$'000	2008 HK\$'000
Profit (Loss) for the period	23,397	(22,920)
Other comprehensive income		
Exchange difference on translation to presentation currency	2,296	(15,897)
Total comprehensive income (expense) for the period	25,693	(38,817)
Total comprehensive income (expense) attributable to:		
Owners of the Company	25,370	(37,746)
Non-controlling interests	323	(1,071)
	25,693	(38,817)

Condensed Consolidated Statement of Financial Position

As at 31 December 2009

		Unaudited At 31 December 2009 HK\$'000	Audited At 30 June 2009 HK\$'000
	<i>Notes</i>		
Non-current Assets			
Property, plant and equipment		3,274	3,568
Investment properties	10	1,519,626	1,517,816
Interest in a jointly controlled entity	11	45,973	49,335
Amount due from a jointly controlled entity	11	222,205	215,572
Other receivables		3,294	8,352
		1,794,372	1,794,643
Current Assets			
Properties held for sale		52,716	67,836
Loan receivables		—	—
Trade and other receivables	12	16,988	32,076
Amounts due from non-controlling shareholders		869	868
Bank deposits — pledged		12,772	12,303
Bank balances and cash		163,099	144,445
		246,444	257,528
Current Liabilities			
Trade and other payables	13	51,696	55,402
Pre-sale deposits received		7,292	6,478
Amount due to a related company — due within one year		—	9,918
Tax payable		106,803	103,544
Bank loans — due within one year	14	49,100	50,000
		214,891	225,342
Net Current Assets		31,553	32,186
Total Assets less Current Liabilities		1,825,925	1,826,829

Condensed Consolidated Statement of Financial Position (Continued)

As at 31 December 2009

		Unaudited At 31 December 2009 HK\$'000	Audited At 30 June 2009 HK\$'000
	<i>Notes</i>		
Capital and Reserves			
Share capital	15	219,104	219,104
Reserves		1,232,568	1,211,580
Equity attributable to owners of the Company			
		1,451,672	1,430,684
Non-controlling interests			
		28,113	27,790
Total Equity		1,479,785	1,458,474
Non-current Liabilities			
Bank loans — due after one year	14	253,300	275,500
Deferred tax liabilities		92,840	92,855
		346,140	368,355
		1,825,925	1,826,829

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2009

	Attributable to owners of the Company										
	Share capital	Share premium	Special reserve	Capital			Other reserve	Retained profits	Total	Non-controlling interests	Total
				redemption reserve	Translation reserve	Statutory reserve					
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 2008 (audited)	219,104	426,608	55,018	1,644	223,724	721	92,451	488,994	1,508,264	47,255	1,555,519
Loss for the period	—	—	—	—	—	—	—	(22,085)	(22,085)	(835)	(22,920)
Other comprehensive expense for the period	—	—	—	—	(15,661)	—	—	—	(15,661)	(236)	(15,897)
Total comprehensive expense for the period	—	—	—	—	(15,661)	—	—	(22,085)	(37,746)	(1,071)	(38,817)
Realised on de-consolidation of a subsidiary	—	—	—	—	—	(721)	—	577	(144)	144	—
De-consolidation of a subsidiary	—	—	—	—	—	—	—	—	—	(16,998)	(16,998)
Payment of dividends	—	—	—	—	—	—	—	(6,573)	(6,573)	—	(6,573)
At 31 December 2008 (unaudited)	219,104	426,608	55,018	1,644	208,063	—	92,451	460,913	1,463,801	29,330	1,493,131
At 30 June 2009 (audited)	219,104	426,608	55,018	1,644	219,566	—	92,451	416,293	1,430,684	27,790	1,458,474
Profit for the period	—	—	—	—	—	—	—	23,108	23,108	289	23,397
Other comprehensive income for the period	—	—	—	—	2,262	—	—	—	2,262	34	2,296
Total comprehensive income for the period	—	—	—	—	2,262	—	—	23,108	25,370	323	25,693
Payment of dividends	—	—	—	—	—	—	—	(4,382)	(4,382)	—	(4,382)
At 31 December 2009 (unaudited)	219,104	426,608	55,018	1,644	221,828	—	92,451	435,019	1,451,672	28,113	1,479,785

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2009

	Unaudited Six months ended 31 December	
	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
NET CASH FROM OPERATING ACTIVITIES	50,210	30,799
NET CASH USED IN INVESTING ACTIVITIES	(1,280)	(23,103)
NET CASH USED IN FINANCING ACTIVITIES	(29,829)	(34,097)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	19,101	(26,401)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	144,445	172,072
EFFECT OF FOREIGN EXCHANGE RATE CHANGE	(447)	(6,759)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by bank balances and cash	163,099	138,912

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2009

1. BASIS OF PREPARATION

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

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumption that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The condensed consolidated financial statements of the Group for the six months ended 31 December 2009 are unaudited and have been reviewed by the Audit Committee of the Company.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost basis, except for investment properties and financial instruments, which are measured at fair values, as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those applied in the preparation of the annual financial statements of the Group for the year ended 30 June 2009 except as described below.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments to HKAS and interpretations (“**HK(IFRIC)-Int**”) (collectively “**HKFRSs**”) issued by the HKICPA, which are effective for the Group’s accounting period beginning on 1 July 2009. 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 save for those described below.

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 3 (Revised)	Business Combinations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners
HK(IFRIC)-Int 18	Transfer of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2009

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

The application of the new and revised HKFRSs had the following effect on the condensed consolidated financial statements of the Group.

HKAS 1 (Revised) Presentation of Financial Statements

HKAS 1 (Revised) has introduced terminology changes (including revised titles for the condensed consolidated financial statements) and changes in the format and content of the condensed consolidated financial statements.

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that has resulted in a redesignation of the Group's reportable segments and changes in the basis of measurement of segment revenue and segment profit or loss (see note 3).

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

HKFRSs (Amendments)	Amendments to HKAS 1, HKAS 7, HKAS 17, HKAS 36, HKAS 39, HKFRS 5 and HKFRS 8 as part of Improvements to HKFRSs 2009 ¹
HKAS 24 (Revised)	Related Party Disclosure ²
HKAS 32 (Amendment)	Classification of Rights Issues ³
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters ¹
HKFRS 1 (Amendment)	Limited Exemptions from Comparative HKFRS 7 Disclosures for First-time Adopters ⁵
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions ¹
HKFRS 9	Financial Instruments ⁴
HK(IFRIC)-Int 14 (Amendment)	Prepayments of Minimum Funding Requirement ²
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments ⁵

¹ Effective for annual periods beginning on or after 1 January 2010

² Effective for annual periods beginning on or after 1 January 2011

³ Effective for annual periods beginning on or after 1 February 2010

⁴ Effective for annual periods beginning on or after 1 January 2013

⁵ Effective for annual periods beginning on or after 1 July 2010

The Group is in the process of making an assessment of the potential impact of these standards, amendments and interpretations and the Directors of the Company so far concluded that the application of these standards, amendments and interpretations will have no material impact on the results and the financial position of the Group.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2009

3. TURNOVER AND SEGMENT INFORMATION

The Group has adopted HKFRS 8 Operating Segments with effect from 1 July 2009. HKFRS 8 is a disclosure standard that 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 for the purpose of assessing their performance and allocating resources to segments. 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. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has resulted in a redesignation of the Group's operating segments as compared with the primary reportable segments determined in accordance with HKAS 14.

The Board as the chief operating decision maker manages its businesses according to the nature of services and products provided. Two reportable operating segments have been determined for the measurement of performance and the allocation of resources. The segments are property rental and property sales. Property rental are further segmented into those arising from Beijing and Shanghai in the People's Republic of China ("PRC").

Property rental segment includes property leasing operation in the PRC. The Group's investment properties portfolio which mainly consists of offices, shopping mall and carparks are located in Beijing and Shanghai. Properties sales segment includes sale of the Group's trading properties in Beijing.

The Board evaluates performance primarily based on profit after taxation.

The following is an analysis of the Group's revenue and results by reportable segment for the period:

	Property rental				Property sales		Consolidated	
	Beijing		Shanghai		2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000				
	Unaudited Six months ended 31 December							
TURNOVER	10,774	11,958	25,330	25,827	22,365	664	58,469	38,449
External sales								
SEGMENT RESULT	2,085	(22,387)	25,688	5,875	7,152	(1,381)	34,925	(17,893)
Other income							6,544	116
Corporate administrative costs							(7,022)	(9,929)
Finance costs							(1,251)	(5,318)
Share of (loss) profit of a jointly controlled entity							(3,421)	3,819
Profit (Loss) before taxation							29,775	(29,205)
Taxation							(6,378)	6,285
Profit (Loss) for the period							23,397	(22,920)

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2009

3. TURNOVER AND SEGMENT INFORMATION (Continued)

Turnover arising from property sales of HK\$22,365,000 (2008: from property rental of HK\$37,785,000) included turnover of approximately HK\$10,779,000 (2008: HK\$5,360,000 from property rental) which arose from sales to the Group's largest customer.

4. OTHER INCOME

	Unaudited	
	Six months ended 31 December	
	2009	2008
	HK\$'000	HK\$'000
Included in other income are:		
Bank interest income	572	768
Exchange gain, net	240	60
Gain in receivable for vendor's undertakings	1,347	4,947
Imputed interest income on other receivables	1,174	1,501
Imputed interest income on amount due from a jointly controlled entity	6,384	—

5. DEPRECIATION AND AMORTISATION

	Unaudited	
	Six months ended 31 December	
	2009	2008
	HK\$'000	HK\$'000
Profit (Loss) before taxation has been arrived at after charging the following items:		
Depreciation	394	404
Amortisation of prepaid lease payments	—	229

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2009

6. FINANCE COSTS

	Unaudited Six months ended 31 December	
	2009 HK\$'000	2008 HK\$'000
Interest on bank borrowings wholly repayable within five years	1,129	4,960
Imputed interest expense on amount due to a related company	122	358
	1,251	5,318

7. TAXATION

	Unaudited Six months ended 31 December	
	2009 HK\$'000	2008 HK\$'000
The tax charge comprises:		
PRC enterprise income tax		
Current period	5,948	3,369
PRC land appreciation tax ("LAT")	890	18
Deferred tax liabilities		
Current period	(460)	(9,672)
	6,378	(6,285)

PRC enterprise income tax and LAT are calculated at the rates prevailing in the PRC.

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

8. BASIC EARNINGS (LOSS) PER SHARE

The calculation of basic earnings (loss) per share attributable to owners of the Company is based on the profit attributable to owners of the Company of HK\$23,108,000 (2008: loss of HK\$22,085,000) for the period and on 219,103,681 (2008: 219,103,681) ordinary shares in issue throughout the period.

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

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2009

9. DIVIDENDS

	Unaudited	
	Six months ended 31 December	
	2009	2008
	HK\$'000	HK\$'000
Final dividend paid in respect of year ended 30 June 2009 of 2 Hong Kong cents (2008: 3 Hong Kong cents) per share	4,382	6,573
Interim dividend declared in respect of six months ended 31 December 2009 of 2 Hong Kong cents (2008: 2 Hong Kong cents) per share	4,382	4,382
	8,764	10,955

10. INVESTMENT PROPERTIES

	HK\$'000
FAIR VALUE	
At 30 June 2009 (audited)	1,517,816
Exchange realignment	1,810
Change in fair value	—
At 31 December 2009 (unaudited)	1,519,626

The fair value of investment properties at the date of statement of financial position was determined by reference to a valuation carried out by Savills Valuation and Professional Services Limited, independent qualified professional valuers not connected with the Group, on an open market value basis with reference to market evidence of transaction prices for similar properties and the net rental income after taking into account reversionary income potential. The revaluation gave rise to change in fair value of HK\$Nil (2008: a net loss of HK\$50,300,000) which has been charged to the condensed consolidated income statement.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2009

11. INTEREST IN AND AMOUNT DUE FROM A JOINTLY CONTROLLED ENTITY

	Unaudited At 31 December 2009 HK\$'000	Audited At 30 June 2009 HK\$'000
Cost of investment, unlisted	56,875	56,875
Share of post-acquisition loss and reserves	(10,902)	(7,540)
	45,973	49,335
Amount due from a jointly controlled entity	229,575	222,942
Less: Allowance for interest receivable	(7,370)	(7,370)
	222,205	215,572

The amount due from a jointly controlled entity is unsecured and repayable after the next twelve months from the date of statement of financial position. The amount is carried at amortised cost at an effective interest rate of 6% per annum.

A summarised financial information in respect of the Group's jointly controlled entity which is accounted for using the equity method is set out below:

	Unaudited At 31 December 2009 HK\$'000	Audited At 30 June 2009 HK\$'000
Non-current assets (<i>note</i>)	246,829	248,557
Current assets	37,871	36,216
Current liabilities	(10,925)	(10,715)
Non-current liabilities	(222,205)	(215,572)
	51,570	58,486

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2009

11. INTEREST IN AND AMOUNT DUE FROM A JOINTLY CONTROLLED ENTITY (Continued)

	Unaudited Six months ended 31 December	
	2009 HK\$'000	2008 HK\$'000
Income	3,772	13,854
Expenses	10,423	5,342

Note: The assets include properties held for development which represent prepaid lease payments of land use rights and direct reclamation costs for a piece of land situated at Tung Kok Tau in Shenzhen, the PRC with the land use right. The jointly controlled entity has paid all land premium and is in the process of negotiating with relevant government authorities for redevelopment taken into account of re-zoning and re-planning of the city on which the properties are located.

12. TRADE AND OTHER RECEIVABLES

At 31 December 2009, the balance of other receivables included receivables from home buyers who defaulted on repayment to banks, representing the loans taken over by the Group, of HK\$4,885,000 (30 June 2009: HK\$13,836,000) with collateral of properties and are measured at amortised cost at an effective interest rate of 5.85% (30 June 2009: 5.85%) and an amount receivable as at 31 December 2009 for vendor's undertakings of HK\$335,000 (30 June 2009: HK\$8,976,000) in relation to the acquisition of subsidiaries in the prior years. For property sales, other than home loans, the Group allows an average credit period of 30 days to its customers. Rental receivable from tenants and service income receivables from customers are payable on presentation of invoices. The aged analysis of trade receivables, net of allowance for doubtful debt is as follows:

	Unaudited At 31 December 2009 HK\$'000	Audited At 30 June 2009 HK\$'000
0 – 60 days	10,118	11,335
61 – 90 days	47	314
Over 90 days	156	1,353
	10,321	13,002

Before accepting any new customer, the Group carries out assessment on the creditability of the new customer and assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed regularly.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2009

13. TRADE AND OTHER PAYABLES

At 31 December 2009, the balance of trade and other payables included trade payables of HK\$2,227,000 (30 June 2009: HK\$2,403,000). The aged analysis of trade payables is as follows:

	Unaudited At 31 December 2009 HK\$'000	Audited At 30 June 2009 HK\$'000
0 – 60 days	97	281
Over 60 days	2,130	2,122
	2,227	2,403

The other payables mainly include rental deposits of HK\$20,520,000 (30 June 2009: HK\$21,871,000) and receipt in advance of HK\$3,136,000 (30 June 2009: HK\$4,677,000).

14. BANK LOANS

	Unaudited At 31 December 2009 HK\$'000	Audited At 30 June 2009 HK\$'000
Secured	296,400	316,000
Unsecured	6,000	9,500
	302,400	325,500
The bank loans were repayable as follows:		
Within one year	49,100	50,000
More than one year, but not exceeding two years	193,300	211,000
More than two years, but not exceeding five years	60,000	64,500
	302,400	325,500
Less: Amount repayable within one year shown under current liabilities	(49,100)	(50,000)
Amount due after one year	253,300	275,500

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

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

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2009

15. SHARE CAPITAL

	Number of shares		Amount	
	Unaudited At 31 December 2009	Audited At 30 June 2009	Unaudited At 31 December 2009 <i>HK\$'000</i>	Audited At 30 June 2009 <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.

No share option was granted to nor 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 2009 and 30 June 2009.

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 2009, the Group had given guarantees in respect of such home loans of HK\$165,387,000 (30 June 2009: HK\$216,216,000). The Directors of the Company consider that the fair values of these financial guarantee contracts at their initial recognition and at the dates of statement of financial position are insignificant on the basis of the low loan ratio.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2009

18. RELATED PARTY TRANSACTIONS

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

	Unaudited Six months ended 31 December	
	2009 HK\$'000	2008 HK\$'000
Gain in receivable for vendor's undertakings	1,347	4,748
Rental and management fees paid	1,277	959
Consultancy service fees paid	704	568

Other outstanding balances with the following related companies, which were unsecured, interest free and repayable on demand, at 31 December 2009 and 30 June 2009 are as follows:

	Unaudited At 31 December 2009 HK\$'000	Audited At 30 June 2009 HK\$'000
	Deposits due from related companies included in trade and other receivables	317
Amounts due from related companies included in trade and other receivables	1,201	9,064
Amount due to a related company included in trade and other payables	500	500

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\$1,227,000 (2008: HK\$720,000).

19. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current period presentation. These reclassifications have no effect on the overall results or financial position of the Group.

Continuing Disclosure under the Listing Rules

Details of advances given to an affiliated company as at 31 December 2009, which exceeded 8% under the assets ratio (as defined under rule 13.16 of the Listing Rules) are as follows:

Affiliated company	Percentage of equity held by the Group	Amount of advances HK\$'000
Shenzhen Zhen Wah Harbour Enterprises Ltd. (“Zhen Wah”)	49%	222,205

As disclosed in the annual report of the Company for the year ended 30 June 2009, the Group lodged a petition for international arbitration in respect of the dispute with Chinese joint venture partner as to the percentages of equity interest held in Zhen Wah. An arbitral award has been made by China International Economic and Trade Arbitration Commission on 30 July 2008 in relation thereto (the “Award”).

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

The amount of advances are unsecured and re-payable after the next twelve months from the date of statement of financial position.

Pursuant to the continuing disclosure requirements under rule 13.22 of the Listing Rules, the proforma combined balance sheet of Zhen Wah and the attributable interest of the Group in Zhen Wah as at 31 December 2009 are disclosed as follows:

Proforma combined balance sheet of the affiliated company

	Proforma combined balance sheet HK\$'000	Group's attributable interest HK\$'000
Non-current assets (<i>note</i>)	246,829	120,946
Current assets	37,871	18,557
Current liabilities	(10,925)	(5,353)
Non-current liabilities	(222,205)	(108,881)
Net assets	51,570	25,269

Note: The assets include properties held for development which represent prepaid lease payments of land use rights and direct reclamation costs for a piece of land situated at Tung Kok Tau in Shenzhen, the PRC with the land use right. Zhen Wah has paid all land premium and is in the process of negotiating with relevant government authorities for redevelopment taken into account of re-zoning and re-planning of the city on which the properties are located.