



DYNAMIC HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31ST DECEMBER, 1999

INTERIM RESULTS

The Board of Directors (the “Directors”) of Dynamic Holdings Limited (the “Company”) is pleased to announce that the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 31st December, 1999 together with comparative figures for the corresponding period in 1998 are as follows:

		Six months ended 31 st December,	
		1999	1998
	Notes	HK\$'000	HK\$'000
Turnover	(1)	<u>180,753</u>	<u>27,448</u>
Operating profit (loss)			
Continuing operations before exceptional items		21,406	16,194
Exceptional items	(2)	<u>-</u>	<u>(156,935)</u>
		21,406	(140,741)
Share of results of an associated company		<u>379</u>	<u>311</u>
Profit (Loss) from ordinary activities before taxation		21,785	(140,430)
Taxation	(3)	<u>(63)</u>	<u>(58)</u>
Profit (Loss) before minority interests		21,722	(140,488)
Minority interests		<u>(560)</u>	<u>-</u>
Profit (Loss) attributable to shareholders		<u>21,162</u>	<u>(140,488)</u>
Distribution		<u>4,382</u>	<u>4,382</u>
Basic earnings (loss) per share (Hong Kong Cents)	(4)	<u>9.66</u>	<u>(64.12)</u>

Notes:

(1) **Turnover**

	Six months ended 31st December,	
	1999	1998
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover comprises:		
Property sales proceeds	159,190	-
Property rental	19,353	26,603
Cargo handling income	1,926	-
Interest income	284	845
	<u>180,753</u>	<u>27,448</u>

(2) **Exceptional items**

	Six months ended 31st December,	
	1999	1998
	<i>HK\$'000</i>	<i>HK\$'000</i>
Deficit arising on revaluation of investment properties in Hong Kong	-	(94,232)
Provision for diminution in value of property projects in the People's Republic of China (the "PRC")	-	(62,703)
	<u>-</u>	<u>(156,935)</u>

(3) **Taxation**

	Six months ended 31st December,	
	1999	1998
	<i>HK\$'000</i>	<i>HK\$'000</i>
Share of taxation of an associated company in the PRC	<u>(63)</u>	<u>(58)</u>

No Hong Kong Profits Tax is provided as there is no estimated assessable profit for 1999. No Hong Kong Profits Tax was payable in 1998 since the assessable profit was wholly absorbed by the tax relief brought forward.

PRC Foreign Enterprise Income Tax is calculated at the rates prevailing in the PRC.

(4) **Earnings (Loss) per share**

The calculation of basic earnings (loss) per share is based on the profit attributable to shareholders for the period of HK\$21,162,000 (1998: loss attributable to shareholders of HK\$140,488,000) and on the weighted average number of 219,103,681 (1998: 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 (loss) per share.

INTERIM DISTRIBUTION

The Directors have declared an interim distribution of 2 Hong Kong cents (1998: 2 Hong Kong cents) per share for the six months ended 31st December, 1999 to all shareholders whose names appear on the register of members of the Company on 28th April, 2000. The warrants for such distribution are expected to be despatched to those entitled on or about 8th May, 2000.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 20th April, 2000 to Friday, 28th April, 2000, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim distribution, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars in Hong Kong, Tengis Limited at 1601 Hutchison House, 10 Harcourt Road, Central, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 19th April, 2000.

BUSINESS REVIEW AND PROSPECTS

During the six months ended 31st December, 1999, the Group show a substantial increase in turnover from HK\$27,448,000 to HK\$180,753,000, mainly attributable to the sales proceeds from the high-quality residential development known as Chaoyang Garden in Beijing. The Group realized an aggregate operating profit of HK\$21,406,000, representing an increase of about 32% as compared with the previous corresponding operating profit before exceptional items. The operating profit is primarily derived from the sales proceeds received from Chaoyang Garden in Beijing and the rental income generated from the Group's interests in Dynamic Cargo Center in Tsuen Wan. Overall, the Group's profit attributable to shareholders amounted to HK\$21,162,000, compared to the previous corresponding loss of HK\$140,488,000.

Chaoyang Garden

In the period under review, the first residential block of Chaoyang Garden in Beijing has been completed and delivered. The results of its sales are reflected in these interim accounts. Vacant possession of the second residential block will be delivered to the buyers by the first quarter of 2000. The third block is currently under construction. Preselling however remains slow, as persistent increases in supply of domestic housing in Beijing still cause keen competition, but is expected to gradually pick up towards its completion by the end of this year. To maintain sales momentum, the Group will continue to pursue its policy of offering value for money.

Dynamic Cargo Center

With unabated supply of warehousing spaces, downward pressure on rental is continuing. Rental arisen from the Group's interests in Dynamic Cargo Center decreased by about 27% in the period under review. Nevertheless, in the light of the resurgence of the Hong Kong economy and limited number of new warehousing developments in the near future, it is anticipated that the rental of Dynamic Cargo Center will gradually stabilize. The Group will continue its endeavor to maintain a higher level of occupancy, which is currently about 85%.

Tung Kok Tau

As announced in the period under review, the Group has increased its interest in a joint-venture company from 49% to 80% and the joint-venture company has since signed a land use right transfer contract in regard to a piece of prime seafront land situated at Tung Kok Tau, Shekou, near the new cities of Futin and Nan Shan in Shenzhen, and easily accessible to Hong Kong upon completion of the Hongkong-Shenzhen western corridor by 2004. The site area of the land is about 171,786 square meters with developable floor area of not less than 310,000 square meters, which is approved to be developed into a large multi-purpose project including a marina, villas, low-rise, high-rise, residential units, a hotel, commercial buildings as well as a passenger ferry.

The existing terms of the joint-venture agreement for the new development project at Tung Kok Tau with the Group

having 80% interest were confirmed and ratified in 1996 by the parties concerned. However, due earlier to the large amount of works involving planning, change of land use, premium assessments, negotiations of payment terms etc. and more recently to the impact of the regional financial crises, the actual signing of the land contract with the Shenzhen authorities was unavoidably delayed. In the interim, substantial improvements in infrastructures in the city of Shenzhen especially around the Tung Kok Tau area have enhanced the development potentials of the project. As a result the Chinese party of the joint-venture is now taking steps in an attempt to improve its position. Negotiations are on-going. The Directors expect that a consensus can be reached in the near future.

The Directors believe that the new development of Tung Kok Tau has the potential to become a major revenue contributor to the Group in the medium and longer term. In the short term, the Group will continue to receive liquid funds from Chaoyang Garden and Dynamic Cargo Center.

YEAR 2000 COMPLIANCE

The equipment and systems of the Group have not been affected by the millennium bugs and are now fully Year 2000 ("Y2K") compliant.

As mentioned in the previous results announcements and reports of the Company, the Group has conducted a general assessment of its computer and related systems to evaluate the potential exposure of the Group's business and operations to Y2K issues. And it is assessed that the risks and uncertainties associated with the Y2K problems are not significant to the Group's business and operations. All measures taken by the Group for this Y2K compliance including problem identification, program modifications as well as software/hardware upgrading and replacement, were completed in June 1999. The Group has also formulated necessary contingency plans.

As all the major critical business and operational systems of the Group have not been affected by Y2K problems, the additional cost to achieve Y2K compliance are not material. The incremental costs to achieve Y2K compliance were expensed as a revenue item as and when incurred. As such, the Directors have neither authorised nor contracted for any specific amounts in respect of Y2K modification costs.

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

Neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

By Order of the Board
Polly O. Y. Wong
Secretary

Hong Kong, 30th March, 2000