



DYNAMIC HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 30TH JUNE, 2000

RESULTS

The Board of Directors of Dynamic Holdings Limited (the "Company") is pleased to announce that the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 30th June, 2000 together with comparative figures for the previous year are as follows:

	Notes	Year ended 30th June,	
		2000 HK\$'000	1999 HK\$'000
Turnover	1	400,098	54,527
Cost of sales		(336,571)	—
Gross profit		63,527	54,527
Other revenue		1,210	1,502
Operating expenses		(27,307)	(16,962)
Deficit arising on revaluation of investment properties		—	(134,232)
Written back of (provision for) diminution in value of properties under development		9,102	(79,248)
Profit (loss) from operations		46,532	(174,413)
Finance costs		(6,659)	(5,048)
Share of result of an associate		398	931
Profit (Loss) before taxation		40,271	(178,530)
Taxation	2	(5,089)	(176)
Profit (Loss) for the year		35,182	(178,706)
Minority interests		(567)	—
Net profit (loss) for the year		34,615	(178,706)
Distributions		8,764	8,764
Earnings (Loss) per share (Hong Kong cents)	3	15.8	(81.6)

Notes:

1. Turnover

	Year ended 30th June,	
	2000 HK\$'000	1999 HK\$'000
Turnover comprises:		
Property sales	356,460	—
Rental income	37,388	53,349
Interest income	1,327	1,178
Port operations income	4,923	—
	400,098	54,527

2. Taxation

	Year ended 30th June,	
	2000 HK\$'000	1999 HK\$'000
The tax charge comprises:		
Hong Kong Special Administrative Region ("Hong Kong") Profits Tax		
Current year	236	135
Under(Over) provision in prior years	10	(29)
The People's Republic of China (the "PRC") Income Tax	4,813	—
Share of taxation of an associate in the PRC	30	70
	5,089	176

Hong Kong Profits Tax is calculated at the rate of 16% (1999: 16%) of the estimated assessable profits for the year.

In 1999, the Hong Kong Profits Tax charge was relieved by HK\$2,272,000 as a result of utilization of tax losses brought forward from previous years.

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

3. Earnings (Loss) per share

The calculation of basic earnings (loss) per share is based on the profit for the year of HK\$34,615,000 (1999: a loss of HK\$178,706,000) and on the weighted average number of 219,103,681 (1999: 219,103,681) ordinary shares in issue throughout the year.

The share options had no dilution effect on the earnings (loss) per share.

4. Movement in reserves

In 1999, out of the resulting deficit arising on revaluation of investment properties of HK\$140,000,000, an amount of HK\$5,768,000 has been charged to the investment property revaluation reserve and the remaining balance of HK\$134,232,000, being the excess of the deficit over the balance of the investment property revaluation reserve, has been charged to the income statement.

5. Comparative figures

As a result of the adoption of revised Statements of Standard Accounting Practice issued by the Hong Kong Society of Accountants which became effective this year, certain comparative figures have been reclassified to conform with the current year's presentation.

DISTRIBUTIONS

The Directors recommend payment of a final distribution of 2 Hong Kong cents (1999: 2 Hong Kong cents) per share to all shareholders whose names appear on the register of members of the Company on 20th December, 2000. Together with the interim distribution of 2 Hong Kong cents per share paid, the total distributions for the year ended 30th June, 2000 will be 4 Hong Kong cents (1999: 4 Hong Kong cents) per share. Subject to approval of shareholders at the forthcoming annual general meeting of the Company, the warrants for the final distribution are expected to be despatched to those entitled on or about 17th January, 2001.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 14th December, 2000 to Wednesday, 20th December, 2000, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final distribution, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars in Hong Kong, Tengis Limited of 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 13th December, 2000.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 30th June, 2000, the Group's principal business activities were property development for sale and the holding of investment properties for rental. Turnover for the year showed a significant rise from HK\$54,527,000 to HK\$400,098,000, representing an increase of about 634% over that of the previous year. This was mainly attributable to the proceeds of sales of the Group's interests in a high-quality residential development known as Chaoyang Garden in Beijing. Gross profit of the Group showed an increase of about 16.5% from HK\$54,527,000 to HK\$63,527,000. Profit from operations amounted to about HK\$46,532,000 as compared to the loss of about HK\$174,413,000 for the previous year. The substantial improvement in operating profit was principally due to the realization of gains on the sale of the first two towers of Chaoyang Garden and there being no further provisions to be made for diminution of the Group's assets.

In summary, the net profit and earnings per share for the year after taxation and minority interests rose to HK\$34,615,000 and 15.8 Hong Kong cents respectively, as against the net loss of HK\$178,706,000 and loss per share of 81.6 Hong Kong cents in the previous year.

Business Review

Chaoyang Garden

In the year under review, the first two residential towers of Phase I, Chaoyang Garden, Beijing have been completed and delivered. The result of these sales has been reflected in these accounts. The third residential tower is scheduled to be completed in December 2000 and delivery to the buyers will take place during the first quarter of 2001. To date, over 80% of the three towers making up Phase I has been sold.

Dynamic Cargo Center

In the year under review, an excess supply of warehousing spaces brought forward from the previous years continued to erode rental income arising from the Group's interests in Dynamic Cargo Center in Tsuen Wan. However the Group has been successful in maintaining a high level of occupancy to lessen the impact of rental erosion. Overall total rental for the year still dropped by a third compared with that of the previous year.

Tung Kok Tau

Subsequent to the signing of the land use right transfer contract between Shenzhen Zhen Wah Harbour Enterprises Ltd. (in which the Group has 80% equity interest) and the Shenzhen Municipality Planning and Land Bureau on 18th November, 1999, the Group started negotiations with the Chinese party of the joint venture on the basis that the Group shall take over 100% interests in real estates development of Tung Kok Tau instead of 80%. Substantial progress has been made in those negotiations which have reached an advanced stage.

Prospects

In Beijing, the continued increase in supply of high quality housing, has led to severe competition. However, a general improvement in disposable income together with the prevailing optimism brought about by China's imminent entry into the World Trade Organization has stimulated demands. It is expected that the remaining units of Phase I of Chaoyang Garden will be sold during the first few months of year 2001. Development of Phase II (consisting of the remaining four residential towers) has already started. Pre-sale of Phase II is expected to commence in the second half of year 2001.

As mentioned earlier, the Group is now in the process of finalising the acquisition of 100% control of the real estates development project of Tung Kok Tau. Since some 100,000 square meters of this site is now under water and will need to be landfilled, development of the first phase of the project is not expected to begin until the latter part of 2002. In the interim, the site area approximately 140,000 square meters after landfill together with a further area of approximately 160,000 square meters under lease will be put into short term use for income-earning purpose.

Overall supply of warehousing space has stabilised especially in the Tsuen Wan/Kwai Chung area. Recent resurgence of export activities and conversion of warehouse space into other use have helped to reduce supply. Lease renewals of Dynamic Cargo Centre during the current year are expected to show improvements in rental.

YEAR 2000 COMPLIANCE

As mentioned in the previous announcements and reports of the Company's results, the equipment and systems of the Group have not been affected by the millennium bugs and are now fully Year 2000 ("Y2K") compliant.

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 costs 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 year.

By Order of the Board
Pang Kit Man, John
Chief Executive Officer

Hong Kong, 24th November, 2000

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of DYNAMIC HOLDINGS LIMITED (the "Company") will be held at Dragon Room, Basement 1, The Charterhouse, 209-219 Wanchai Road, Wanchai, Hong Kong Special Administrative Region ("Hong Kong") on Wednesday, 20th December, 2000 at 11:00 a.m. for the following purposes:

- To receive and consider the audited financial statements and the reports of the Directors and Auditors for the year ended 30th June, 2000.
- To declare a final distribution.
- To re-elect Directors and fix their remuneration.
- To re-appoint Auditors and authorise the Directors to fix their remuneration.
- As special business, to consider and, if thought fit, pass the following resolutions as ordinary resolutions:

(A) "THAT:

- subject to paragraph (c) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue or grant shares of the Company or securities convertible into such shares, options, warrants or similar rights to subscribe for any shares of the Company or such convertible securities, and to make or grant offers, agreements or options which would or might require the exercise of such powers, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
- the approval in paragraph (a) above shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements or options which would or might require the exercise of such powers after the end of the Relevant Period;
- the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval given in paragraph (a) above, otherwise than pursuant to the exercise of any options granted under any share option scheme adopted by the Company or any offer of any class of securities of the Company made pro rata (apart from fractional entitlements) by the Company to holders of such class of securities (excluding any holder who is resident in a place where such offer is not permitted under the law of that place), shall not exceed 20 percent of the aggregate nominal amount of the issued share capital of the Company at the date of passing this resolution and the said approval shall be limited accordingly; and
- for the purpose of this resolution, "Relevant Period" means the period from the passing of this resolution until whichever is the earlier of:
 - the conclusion of the next annual general meeting of the Company;
 - the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the Company's Bye-Laws to be held; and
 - the revocation or variation of the authority given under this resolution by an ordinary resolution of the members of the Company in general meeting."

(B) "THAT:

- subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to purchase its own securities, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities

on The Stock Exchange of Hong Kong Limited as amended from time to time, be and is hereby generally and unconditionally approved;

- the aggregate nominal amount of shares which the Company is authorised to purchase pursuant to paragraph (a) above during the Relevant Period shall not exceed 10 percent of the aggregate nominal amount of the issued share capital of the Company at the date of passing this resolution, and the said approval shall be limited accordingly; and
- for the purpose of this resolution, "Relevant Period" means the period from the passing of this resolution until whichever is the earlier of:
 - the conclusion of the next annual general meeting of the Company;
 - the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the Company's Bye-Laws to be held; and
 - the revocation or variation of the authority given under this resolution by an ordinary resolution of the members of the Company in general meeting."

(C) "THAT:

conditional upon the resolutions nos. 5(A) and 5(B) as set out in the notice convening this meeting having been passed as ordinary resolutions, the aggregate nominal amount of shares in the capital of the Company which shall have been purchased by the Company pursuant to and in accordance with the resolution no. 5(B) aforesaid shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors of the Company pursuant to and in accordance with the resolution no. 5(A) aforesaid."

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

Hong Kong, 24th November, 2000

Notes:

- A member entitled to attend and vote at the above meeting may appoint one or more proxies to attend and, vote instead of him. A proxy need not be a member of the Company.
- In order to be valid, a form of proxy, together with power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof, must be deposited at the principal place of business of the Company at 1702, Eton Tower, 8 Hysan Avenue, Causeway Bay, Hong Kong not less than 48 hours before the time appointed for the above meeting or any adjournment thereof.
- The register of members of the Company will be closed from Thursday, 14th December, 2000 to Wednesday, 20th December, 2000, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final distribution, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars in Hong Kong, Tengis Limited at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 13th December, 2000.
- With respect to resolution no. 5(A) of this notice, approval is being sought from the members of the Company for a general mandate to authorise the issue, allotment and dealing of shares by the Directors under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
- With respect to resolutions nos. 5(B) and 5(C) of this notice, approval is being sought from the members of the Company for a general mandate to authorise the purchase of its own shares and the reissue of shares as a result of such purchase by the Directors. An explanatory statement containing further details thereof will be sent to members together with the Company's 2000 Annual Report.