



# DYNAMIC HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

## INTERIM RESULTS FOR THE SIX MONTHS ENDED 31ST DECEMBER, 2000

### INTERIM RESULTS

The Board of Directors (the "Directors") of Dynamic Holdings Limited (the "Company") is pleased to announce that the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 31st December, 2000 together with comparative figures for the corresponding period in 1999 are as follows:

	Notes	Six months ended 31st December,	
		2000 HK\$'000	1999 HK\$'000
Turnover	2	224,550	180,753
Cost of sales		(193,150)	(147,612)
Gross profit		31,400	33,141
Other revenue		38	—
Operating expenses		(9,603)	(9,879)
Profit from operations		21,835	23,262
Finance cost		(4,409)	(1,856)
Share of result of an associate		—	379
Profit before taxation		17,426	21,785
Taxation	3	(4,309)	(63)
Profit for the period		13,117	21,722
Minority interests		(673)	(560)
Net profit for the period		12,444	21,162
Distribution		4,382	4,382
Earnings per share (Hong Kong cents)	4	5.68	9.66
— basic			

#### Notes:

#### 1. Principal accounting policies

The condensed financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain properties and investments in securities.

The unaudited interim results of the Group have been prepared in compliance with Statement of Standard Accounting Practice No. 25 "interim financial reporting" issued by the Hong Kong Society of Accountants, and on a basis consistent with the accounting policies adopted in the annual financial statements of the Group for the year ended 30th June, 2000.

The condensed financial statements of the Group for the six months ended 31st December, 2000 are unaudited and have been reviewed by the Audit Committee of the Company. Certain comparative figures have been reclassified to conform with the current basis of presentation.

#### 2. Turnover

	Six months ended 31st December,	
	2000 HK\$'000	1999 HK\$'000
Other region in the People's Republic of China ("PRC")		
Property sales	203,522	159,190
Port operation and rental income	4,736	1,926
Interest income	784	—
Hong Kong Special Administrative Region ("Hong Kong")		
Property rental	15,247	19,353
Interest income	261	284
	224,550	180,753

#### 3. Taxation

	Six months ended 31st December,	
	2000 HK\$'000	1999 HK\$'000
The tax charge comprises:		
PRC Income Tax	4,309	—
Share of taxation of an associated company in the PRC	—	63
	4,309	63

No Hong Kong Profits Tax is provided as there is no estimated assessable profit for 2000. No Hong Kong Profits Tax was payable in 1999 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 per share

The calculation of basic earnings per share is based on the profit for the period of HK\$12,444,000 (1999: HK\$21,162,000) and on the weighted average number of 219,103,681 (1999: 219,103,681) ordinary shares in issue throughout the period.

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

### INTERIM DISTRIBUTION

The Directors have declared an interim distribution of 2 Hong Kong cents (1999: 2 Hong Kong cents) per share for the six months ended 31st December, 2000 to all shareholders whose names appear on the register of members of the Company on 27th April, 2001. The warrants for such distribution are expected to be despatched to those entitled on or about 8th May, 2001.

### CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 23rd April, 2001 to Friday, 27th April, 2001, 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 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong for registration not later than 4:00 p.m. on Friday, 20th April, 2001.

### BUSINESS REVIEW AND PROSPECTS

In the six months ended 31st December, 2000, the Group recorded a turnover of HK\$224,550,000 showing a rise of about 24% as compared to the previous corresponding period. The turnover was primarily derived from the sales proceeds of the high-quality residential development known as Chaoyang Garden in Beijing. However, due to increasing competition in the Beijing property market, the profit from operations was slightly reduced by about 6% totalling HK\$21,835,000, as compared to HK\$23,262,000 in the last corresponding period. The contribution to operating profit for the period from property sales in Beijing and rental income in Hong Kong were about HK\$12,693,000 and HK\$7,454,000 respectively. Net profit and earnings per share for the period amounted to HK\$12,444,000 and 5.68 Hong Kong cents respectively, as compared to HK\$21,162,000 and 9.66 Hong Kong cents in the previous corresponding period.

#### Chaoyang Garden

In the period under review, the third residential tower of Chaoyang Garden was completed and delivered. Overall more than 90% of the units making up the three residential towers of Phase I has been sold.

Foundation works for Phase II comprising four residential towers have commenced since the last quarter of year 2000 and pre-sale thereof is scheduled to start this summer.

With a positive market sentiment arising from China's imminent entry to WTO and the burgeoning middle class in Beijing, the city-wide demand for high-end apartments is expected to remain fairly strong for the next few years. Phase I of Chaoyang Garden, having established itself as a true benchmark of quality, will stand us in good stead to take advantage of the expected increase in demand for Phase II.

#### Dynamic Cargo Center

During the period, resurgent import/export activities in Hong Kong have helped to stabilize rent rates and improve occupancy level for Dynamic Cargo Center. Almost all warehousing spaces of the Group's interests in Dynamic Cargo Center approximately 720,000 square feet were fully let.

Increase in supply of new warehousing spaces in the Tsuen Wan/Kwai Chung area has stopped and import/export activities in Hong Kong are on an uptrend thus bringing about a steady increase in demand of warehousing spaces. The Directors believe that the Group will enjoy a high occupancy rate as well as an improvement in rental income from Dynamic Cargo Center in the coming years.

#### Tung Kok Tau

Negotiations for the Group to acquire 100% control of the redevelopment project at Tung Kok Tau, Shenzhen are continuing. Although significant progress has been made, such negotiations have been further delayed by a recent change in management of its Chinese partner.

In Shenzhen, the vast improvement of infrastructure developments and living environment over the past few years has made it an increasingly attractive city to live in. This, coupled with easy property mortgage facilities offered by both domestic and foreign banks, has brought the property market to a new height. This is also reflected by an increasing presence of large Hong Kong developers in the city. Given its prime location, the Tung Kok Tau site will be a focal development point in Shenzhen downstream. Barring any unforeseen circumstances, the Directors expect that the on-going negotiations with its Chinese party concerned will be concluded within the year.

### FINANCIAL POSITION

The financial position of the Group remains healthy and liquid. At 31st December, 2000, the total shareholders' fund of the Group amounted to HK\$789,984,000, compared to HK\$781,493,000 as at 30th June, 2000. Total bank borrowings of the Group were about HK\$216,471,000 as at 31st December, 2000, which were short- and medium-term loans repayable within three years at average interest rate of about 8% per annum. Accordingly, the debt-to-equity ratio of the Group at 31st December, 2000 is about 27%, in contrast to about 33% at 30th June, 2000. As at 31st December, 2000, the Group pledged certain of its assets, including investment properties with an aggregate carrying value of HK\$520,000,000 and deposited its rental income from its investment properties to the banks to secure general banking facilities granted to the Group.

In the period, sufficient cash balance and cashflow were generated by sales proceeds of Chaoyang Garden and rental income of Dynamic Cargo Center. As at 31st December, 2000, the Group's borrowings and cash balances primarily denominated in Hong Kong dollars and Renminbi yuans while the cash and bank balance was HK\$151,928,000, compared to HK\$91,570,000 as at 30th June, 2000. No significant exposure to foreign currency fluctuations has affected the Group in the period. The funding requirements for development projects of Chaoyang Garden and redevelopment of Tung Kok Tau are intended to be financed by internal resources, bank borrowings and such financing as the Directors may think expedient.

### FULL DETAILS OF FINANCIAL INFORMATION

A detailed announcement of the interim results of the Group for the period containing all the information required by paragraphs 46(1) to 46(6) of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited will be published on the website of such Exchange in due course.

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

Hong Kong, 23rd March, 2001

website: <http://www.dynamic-hk.com>