



# DYNAMIC HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

## ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 30TH JUNE, 2001

### RESULTS

The Board of Directors of Dynamic Holdings Limited (the "Company") announces that the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 30th June, 2001 together with comparative figures for the previous year are as follows:

		Year ended 30th June,	
	Notes	2001	2000
		HK\$'000	HK\$'000
Turnover	1	294,593	398,771
Cost of sales		(241,686)	(336,571)
Gross profit		52,907	62,200
Other revenue		5,131	2,537
Operating expenses		(29,732)	(27,307)
Written back of impairment in value of properties under development		12,447	9,102
Profit from operations		40,753	46,532
Finance costs	4	(10,397)	(6,659)
Share of result of an associate		—	398
Profit before taxation		30,356	40,271
Taxation	2	(8,739)	(5,089)
Profit for the year		21,617	35,182
Minority interests		(556)	(567)
Net profit for the year		21,061	34,615
Distributions		8,764	8,764
Earnings per share (Hong Kong cents)	3	9.6	15.8

### Notes:

#### 1. Turnover

	Year ended 30th June,	
	2001	2000
	HK\$'000	HK\$'000
Turnover comprises:		
Property sales	253,017	356,460
Property rental	34,746	37,388
Port operation income	6,830	4,923
	294,593	398,771

Interest income has been reclassified from turnover to other revenue in the last year.

#### 2. Taxation

	Year ended 30th June,	
	2001	2000
	HK\$'000	HK\$'000
The tax charge comprises:		
Hong Kong Special Administrative Region ("Hong Kong") Profits Tax		
Current year	38	236
Underprovision in prior years	—	10
The People's Republic of China (the "PRC") Income Tax	8,701	4,813
Share of taxation of an associate in the PRC	—	30
	8,739	5,089

Hong Kong Profits Tax is calculated at 16% (2000: 16%) of the estimated assessable profits for the year.

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

#### 3. Earnings per share

The calculation of basic earnings per share is based on the net profit for the year of HK\$21,061,000 (2000: HK\$34,615,000) and on the weighted average number of 219,103,681 (2000: 219,103,681) ordinary shares in issue throughout the year.

#### 4. Finance costs

	Year ended 30th June,	
	2001	2000
	HK\$'000	HK\$'000
Interest on bank borrowings wholly repayable within five years	21,286	18,483
Less: Amount capitalised and included in properties under development at capitalisation rate of 8.8% (2000: 8.7%)	(10,889)	(11,824)
	10,397	6,659

#### 5. Depreciation and amortization

	Year ended 30th June,	
	2001	2000
	HK\$'000	HK\$'000
Profit from operations has been arrived at after charging (crediting):		
Amortisation of goodwill	1,141	1,141
Depreciation	1,650	1,752
Less: Amount capitalised and included in properties under development	(585)	(768)
	1,065	984

### DISTRIBUTIONS

The Directors recommend payment of a final distribution of 2 Hong Kong cents (2000: 2 Hong Kong cents) per share to all shareholders whose names appear on the register of members of the Company on 21st December, 2001. Together with the interim distribution of 2 Hong Kong cents per share paid, the total distributions for the year ended 30th June, 2001 will be 4 Hong Kong cents (2000: 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, 2002.

### CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 17th December, 2001 to Friday, 21st December, 2001, 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 Friday, 14th December, 2001.

### MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 30th June, 2001, the Group focused on its core business activities of property development for sale and holding of investment properties for rental. The Group recorded a turnover of HK\$294,593,000 and a gross profit of HK\$52,907,000. These results were primarily attributable to the sales proceeds received from its interests in a high-quality residential development of Chaoyang Garden in Beijing and rental income generated from its interests in warehousing spaces of Dynamic Cargo Centre in Hong Kong. The turnover and gross profit dropped by about 26% and 15% respectively over those of the previous year, due to reduced sales proceeds by about 29% from Chaoyang Garden since both turnover and profit of its Phase II would not be reflected in the Group's accounts until the scheduled completion date at around the second part of year 2002. With increase in interest income and written back of impairment in value as to Chaoyang Garden, the profit from operations amounted to HK\$40,753,000 against HK\$46,532,000 in the last year. And the net profit for the year under review was HK\$21,061,000, as compared to HK\$34,615,000 in the last year.

#### Segmental Information

The Group's turnover and contribution to profit from operation for the year under review are analysed as follows:

By principal activity:

	Turnover		Contribution to profit from operation	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Property sales	253,017	356,460	20,521	29,409
Property rental	34,746	37,388	21,124	20,094
Port operation income	6,830	4,923	(892)	(2,971)
	294,593	398,771	40,753	46,532

By geographical location of operation:

	Turnover		Contribution to profit from operation	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	30,433	34,811	16,908	16,765
PRC	264,160	363,960	23,845	29,767
	294,593	398,771	40,753	46,532

#### Business Review

##### Chaoyang Garden

In the year 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. A number of unsold units has been let for rental income.

Construction works of the first two residential towers of Phase II (also known as the Sun Crest) are now underway and pre-sale thereof was started in April this year. So far, more than 40% of these units has been pre-sold.

##### Dynamic Cargo Centre

During the year under review, the leasing of warehousing spaces in Dynamic Cargo Centre continued to be a stable contributor to the Group's income.

##### Tung Kok Tau

Negotiations for the Group to acquire full control of the redevelopment project at Tung Kok Tau, Shenzhen are continuing but have turned out to be unexpectedly protracted due to a change in management of the Chinese partner and its new negotiation team. Nevertheless it is expected that such negotiations will come to fruition before long.

### Financial Review

The financial position of the Group remains sound and liquid. At 30th June, 2001, the total shareholders' fund of the Group amounted to HK\$794,781,000 (2000: HK\$781,493,000) with net asset value per share of HK\$3.63 (2000: HK\$3.57). Total bank borrowings of the Group were about HK\$187,147,000 (2000: HK\$260,259,000) as at 30th June, 2001, which were in Hong Kong dollars and repayable within two years at average interest rate of about 6% per annum. The debt-to-equity ratio of the Group at 30th June, 2001 is about 24% (2000: 33%). As at 30th June, 2001, the Group pledged certain of its assets (including investment properties with an aggregate carrying value of HK\$520,000,000) to financial institutions as security against general banking facilities granted to the Group. The contingent liabilities of the Group amounted to HK\$209,647,000 (2000: HK\$271,949,000) represented by guarantees given to financial institutions in respect of banking facilities granted to the Group.

During the year, sufficient cashflow was generated by sales proceeds of Chaoyang Garden and rental income of Dynamic Cargo Centre. As at 30th June, 2001, the Group's cash and bank balances stood at HK\$168,751,000 (2000: HK\$91,570,000) denominated primarily in Hong Kong dollars and Renminbi yuan. No significant exposure to foreign currency fluctuations affected the Group in the year under review. The funding requirements for development projects of Chaoyang Garden and redevelopment of Tung Kok Tau are intended to be financed by internal resources, banking borrowings and such other means of financing as the Directors may deem expedient.

### Employees

As at 30th June, 2001, the Group had about 200 employees in Hong Kong and the Mainland. There was no change in the Group's employment policies and employee benefits save for the introduction of Mandatory Provident Fund Scheme in addition to the existing Occupational Retirement Scheme thus giving the employees a choice.

### Prospects

In Hong Kong, the global sluggish economy has adversely affected the import/export activities and hence, demands of warehousing space. However, the Group is able to maintain virtually full occupancy at market rent to secure a steady income for Dynamic Cargo Centre for the coming year.

China, on the other hand will be one of the few countries in the world to record positive growth for next year. The commencement of infrastructural projects in preparation for the 2008 Olympic together with China's confirmed entry into WTO has turned Beijing into a boom city. Pre-sale of Phase II of Chaoyang Garden has started and take-up rate is encouraging. Competition however remains keen eroding profit margin. In the meantime, the so-called "Soho" type of commercial/residential developments is rapidly gaining popularity for both end-users and investors. Accordingly, steps have been taken to revise the plans for Phase III of the project to take advantage of expected demands downstream.

The increasing number of Hong Kong people visiting and purchasing homes in Shenzhen has taken the Shenzhen property market to a new level. The Tung Kok Tau project will be a significant profit contributor to the Group for the future as the Hong Kong/Shenzhen border blurs further in the years ahead.

### 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.

### PUBLICATION OF RESULTS ON THE STOCK EXCHANGE'S WEBSITE

A detailed announcement of the results of the Group for the year containing all the information required by paragraphs 45(1) to 45(3) 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, 18th October, 2001



# DYNAMIC HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

## 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 Friday, 21st December, 2001 at 11:00 a.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the Directors and Auditors for the year ended 30th June, 2001.
2. To declare a final distribution.
3. To re-elect Directors and fix their remuneration.
4. To re-appoint Auditors and authorise the Directors to fix their remuneration.
5. As special business, to consider and, if thought fit, pass the following resolutions as ordinary resolutions:

**(A) "THAT:**

- (a) 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;
- (b) 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;
- (c) 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
- (d) for the purpose of this resolution, "Relevant Period" means the period from the passing of this resolution until whichever is the earlier of:
  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) 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
  - (iii) 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:**

- (a) 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 (the "Stock Exchange") as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) 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
- (c) for the purpose of this resolution, "Relevant Period" means the period from the passing of this resolution until whichever is the earlier of:
  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) 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
  - (iii) 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."

**(D) "THAT:**

- (a) conditional upon the Stock Exchange granting the approval for the Share Option Scheme referred to in the circular despatched to the shareholders on the same day as this notice, the terms of which are set out in the printed document marked "A" now produced to the meeting and for the purpose of identification signed by the Chairman hereof (the "Scheme") and subject to such amendments to the Scheme as the Stock Exchange may request, the Scheme be approved and adopted to be the share option scheme of the Company and that the Directors of the Company be and is hereby authorised to do all such acts and to enter into all such transactions and arrangements as may be necessary or expedient in order to give effect to the Scheme, notwithstanding that they or any of them may be interested in the same; and
- (b) the existing share option scheme of the Company adopted on 23rd March, 1992 be hereby terminated with immediate effect."

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

Hong Kong, 18th October, 2001

**Notes:**

1. 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.
2. 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.
3. The register of members of the Company will be closed from Monday, 17th December, 2001 to Friday, 21st December, 2001, 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 Friday, 14th December, 2001.
4. With respect to resolutions nos. 5(A), 5(B), 5(C) and 5(D) of this notice, a circular containing further details of explanatory statement and share option scheme will be sent to members together with the Company's 2001 Annual Report.