

DYNAMIC HOLDINGS LIMITED

達力集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 029)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31ST DECEMBER, 2004

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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, 2004 together with comparative figures for the corresponding period in 2003 are as follows:

Condensed Consolidated Income Statement		** **		
		Unaudited Six months ended 31st December,		
	Notes	2004 HK\$'000	2003 HK\$'000	
Turnover Cost of sales	2	82,876 (59,074)	197,184 (163,661)	
Gross profit Other operating income Administrative expenses	3	23,802 2,268 (11,195)	33,523 1,657 (13,130)	
Profit from operations Finance costs	5	14,875 (71)	22,050 (573)	
Profit before taxation Taxation	6	14,804 (1,708)	21,477 (1,931)	
Profit for the period Minority interests		13,096 (1,018)	19,546 (1,144)	
Net profit for the period		12,078	18,402	
Dividend	7	4,382	4,382	
Basic earnings per share (Hong Kong cents)	8	5.51	8.40	
Condensed Consolidated Balance Sheet				
		Unaudited At 31st December, 2004 HK\$'000	Audited At 30th June, 2004 HK\$'000	
Non-current Assets Property, plant and equipment Investment properties Properties held for development Goodwill Loan receivables — due after one year		13,574 420,000 202,271 161 11,304	13,541 420,000 200,195 161 14,729	
Current Assets Properties under development Properties held for sale Loan receivables — due within one year Trade and other receivables Amounts due from minority shareholders Tax recoverable Bank deposits — pledged Bank balances and cash		199,171 161,824 8,503 26,390 4,973 11,792 23,559 86,179 522,391	138,079 202,420 10,550 24,330 4,922 7,727 21,488 119,734	
Current Liabilities Trade and other payables Pre-sale deposits received Tax liabilities Bank loans — due within one year		92,314 18,408 692 27,936	90,944 32,430 340 24,937	
Net Current Assets		383,041	380,599	
Total Assets less Current Liabilities		1,030,351	1,029,225	
Capital and Reserves Share capital Reserves		219,104 537,992	219,104 530,296	
Minority Interests		757,096 29,164	749,400 28,146	
Non-current Liabilities Bank loans — due after one year Other payable — due after one year Loan from a related company Deferred tax liabilities		129,918 493 104,379 9,301	140,636 493 102,595 7,955	
		244,091	251,679	
		1,030,351	1,029,225	

Basis of preparation and principal accounting policies

These unaudited condensed consolidated interim financial statements have been prepared in accordance with the requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Statement of Standard Accounting Practice No. 25 "interim financial reporting" issued by the Hong Kong Institute of the Corontarials.

The accounting policies adopted are consistent with those adopted in the annual financial statements of the Group for the year ended 30th June, 2004.

These condensed consolidated financial statements of the Group for the six months ended 31st December, 2004 are unaudited and have been reviewed by the Audit Committee of the Company.

For management purposes, the Group is currently organised into three operating divisions — property sales, property rental and port operations. These principal operating activities are the basis on which the Group reports its primary segmental information. Principal activities are as follows:

Segmental information about these businesses is presented below:

	Property sales Property rental			Port operations audited		Consolidated		
	2004 HK\$'000	2003 HK\$'000	Six m 2004 HK\$'000	2003 2000 2000		2003 2003 2003	2004 HK\$'000	2003 HK\$'000
TURNOVER External sales	59,308	176,034	14,733	13,375	8,835	7,775	82,876	197,184
SEGMENT RESULT	3,932	12,932	13,461	12,258	2,740	1,241	20,133	26,431
Unallocated other operating income Unallocated corporate expenses				,			(5,258)	1,037 (5,418)
Profit from operations Finance costs							14,875 (71)	22,050 (573)
Profit before taxation Taxation							14,804 (1,708)	21,477 (1,931)
Profit for the period Minority interests							13,096 (1,018)	19,546 (1,144)
Net profit for the period							12,078	18,402
Geographical segments		12 1				4 1. (.		

	Turnover by geographical market Profit from operations Unaudited Six months ended 31st December.					
	2004 HK\$'000	2004 2003 2004 20				
Hong Kong Special Administrative Region ("Hong Kong") Other regions in the People's Republic of China ("PRC")	14,733 68,143 82,876	13,375 183,809 197,184	13,461 6,672 20,133	12,258 14,173 26,431		
Unallocated other operating income Unallocated corporate expenses			(5,258)	1,037 (5,418)		
Profit from operations			14,875	22,050		

		Unaudite Six months ended 31	1st December,
		2004 HK\$'000	2003 HK\$'000
	Bank interest income Bad debt recovered	1,041	376 1,027
	Sundry income	1,227	254
	Depreciation and amortization	2,268	1,657
•	Depectation and amortization	Unaudite Six months ended 31 2004 HK\$'000	
	Profit from operations has been arrived at after charging:		
	Amortization of goodwill (included in administrative expenses)	_	571
	Depreciation Less: Amount capitalised and included in properties under development	805 (210)	749 (251)
		595	498
i.	Finance costs	Unaudite	
		Six months ended 31 2004 HK\$'000	
	Interest on bank borrowings wholly repayable within five years	1,199	2,599
	Less: Amount capitalised and included in properties under development by applying a capitalisation rate of 4.7% (2003: 4.0%) to expenditure on qualifying assets Interest on loan from a related company wholly repayable within five years	(1,128) 2,076	(2,026)
	Less: Amount capitalised and included in properties held for development by applying a capitalisation rate of 3.9% (2003: Nil) to expenditure on qualifying assets	(2,076)	<u> </u>
	Taxation	71	573
	1 axation	Unaudite	
		Six months ended 3: 2004 HK\$'000	1st December, 2003 HK\$'000
	The tax charge comprises:		
	Hong Kong Profits Tax Overprovision in prior years	(4)	_
	PRC Income Tax Current period Overprovision in prior years	2,363 (1,997)	3,838 (3,237)
	Deferred Tax Current period	1,346	1,330
		1,708	1,931
	No Hong Kong Profits Tax is provided as there is no estimated assessable profit for 2004 and 2003.		

PRC Foreign Enterprise Income Tax is calculated at the rates prevailing in the PRC. Deferred tax has been provided on temporary differences using the current applicable rate

PRC Foreign emergins income tasks considered in the Company of the

The Directors have declared an interim dividend of 2 Hong Kong cents (2003: 2 Hong Kong cents) per share for the six months ended 31st December, 2004 to all shareholders whose names appear on the register of members of the Company on 22nd April, 2005.

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8. Basic earnings per share
The calculation of basic earnings per share is based on net profit of HK\$12,078,000 (2003: HK\$18,402,000) for the period and on 219,103,681 (2003: 219,103,681) ordinary shares in issue throughout the period.

INTERIM DIVIDEND
The Directors bear and the profit of HK\$12,078,000 (2003: HK\$18,402,000) for the period and on 219,103,681 (2003: NOTERIM DIVIDEND)

INTERIM DIVIDEND

The Directors have declared an interim dividend of 2 Hong Kong cents (2003: 2 Hong Kong cents) per share for the six months ended 31st December, 2004 to all shareholders whose names appear on the register of members of the Company on 22nd April, 2005. The dividend warrants are expected to be despatched to those entitled on or about 6th May, 2005. RESULTS REVIEW

For the six months ended 31st December, 2004, the Group recorded a turnover of HKS\$2.876,000, compared to HK\$197,184,000 for the last corresponding period. This decrease was attributable to the drop of revenue (by about HK\$116,726,000) from property sales of Chaoyang Garden in Beijing, as most of the residential units in its first and second phases has been sold and the result thereof having been reflected in the last financial year.

The Group's gross profit for the period amounted to HK\$23,802,000 and profit from operations was HK\$14,875,000, showing a decrease of 29% and 33% respectively as compared to those of the last corresponding period.

The net profit for the period was HK\$12,078,000 showing the earnings per share of 5.51 Hong Kong cents, representing a fall of 34% as against the last corresponding period.

BUSINESS REVIEW

BUSINESS REVIEW

Chaoyang Garden/The Sun Crest
In Beijing, the high-end property market remained robust during the period under review. Chaoyang Garden recorded another HK\$59,308,000 in sales representing most of the remaining units of Phase II. With little that was left from Phase II and with the final phase only now coming on stream, the Group's overall sales during the period dropped about 66% as compared to the last corresponding period.

Pre-sales of Phase III started earlier this month and public response was encouraging.

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Dynamic Cargo Center

In the period under review, occupancy of Dynamic Cargo Center reached around 95% and rental income showed an increase of about 10%. In general, the Group's cargo center has regained its leasing level of 2001–2002.

Tung Kok Tau

Tung Kok Tau
A continued growth in demand for logistics support has brought about an increase of income from port operations in Tung Kok Tau, Shekou of about
14% with the operating profits showing a significant increase of about 121%.
FINANCIAL REVIEW

FINANCIAL REVIEW
The financial position of the Group remains sound and liquid. At 31st December, 2004, the total shareholders' fund of the Group amounted to HKS75, 1096,000 (30th June, 2004: HKS749,400,000) with net asset value per share of HKS3.46 (30th June, 2004: HKS3.42). Total borrowings of the Group, both secured and unsecured, were about HKS562,330,00 (30th June, 2004: HKS3.42). Total borrowings of the Hong Kong and United States dollars and repayable within two years at average interest rate of about 2.7% (30th June, 2004: 2.2%) per annum. As at 31st December, 2004, the gening ratio of the Group was about 23% (30th June, 2004: 20%) based on the Group's net debt (after deducting bath balances and cash) to its shareholders' equity. The extent of credit facilities unutilised by the Group as at 31st December, 2004 amounted to HKS89,435,000 (30th June, 2004: HKS86,366,600), of which HKS15,000,000 (30th June, 2004: HKS9,00,000) was banking facilities and HKS74,435,000 (30th June, 2004: HKS76,806,600) was a credit facility provided by a related company.

HKS14,455,000 (30th June, 2004: HKS76,806,600) was a credit facility provided by a related company.

As at 31st December, 2004, the Group pledged certain of its assets (including investment properties with an aggregate carrying value of HKS420,000,000) to financial institutions as security against general banking facilities granted to the Group, and also pledged its bank deposits of HKS23,559,000 (30th June, 2004: HKS21,488,000) to banks to secure mortgage bank loans granted to the froup amounted to HKS178,540,000 (30th June, 2004: HKS175,073,000). In addition, the Group and the Company have given guarantees in respect of banking facilities granted to the Group amounted to HKS178,540,000 (30th June, 2004: HKS175,073,000). In addition, the Group and the Company have given guarantees in respect of mortgage loans provided by banks to the home buyers of a property project in the PRC. At 31st December, 2004, the Group and the Company had ammum amount of mortgage loans which were subject to these guarantees of HKS708,299,000 (30th June, 2004: HKS704,060,000) and HKS38,873,000 (30th June, 2004: HKS39,000,000) respectively.

In the period, sufficient cashflow was generated by sales proceeds of Chaoyang Garden/The Sun Crest, rental income of Dynamic Cargo Center and revenue of port operations. As at 31st December, 2004, the Group's bank balances and cash stood at HKS86,179,000 (30th June, 2004; HKS119,734,000) denominated primarily in Remnibis yuanes. No significant exposure to foreign currency fucutations affected the Group in the period under review. The funding requirements for development projects of Chaoyang Garden and redevelopment of Tiug Kok Tau are intended to be financied by internal resources, bank borrowings and such other means of financing as the Directors may deeper expedient.

EMPLOYEES

At 31st December, 2004, the Group had about 160 employees in Hong Kong and the Mainland at prevailing market remunerations with employee benefits such as medical insurance, provident fund schemes and share option scheme.

PROSPICE 1S
In Beijing, the tightening of control over new development has eased competition and demands for residential and commercial units remain strong. The Group expects that the sales of phase three will be on target.

In Hong Kong, the warehousing sector is experiencing a revival of demand due to growth in re-export trade and shortage of new warehousing development. It is expected that rental will continue to follow a steady upward trend.

Shenzhen official re-planning of the Western Corridor Coastal area involving the Group's site has been delayed. In the meantime, talks with the Chinese joint venture partner are continuing.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 18th April, 2005 to Friday, 22nd April, 2005, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interin dividend, 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 Ground Floor, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 15th April, 2005.

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

CORPORATE GOVERNANCE

The Company has complied throughout the six months ended 31st December, 2004 with the Code of Best Practice as set out in the old Appendix 14 to the Listing Rules.

The Company has adopted a code of conduct regarding securities transactions by Directors as set out in Appendix 10 to the Listing Rules and all Directors have complied with the required standard of dealings set out therein during the relevant accounting period.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed with the management the accounting practices and principles adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of these unaudited interim results for the six months ended 31st December, 2004. PUBLICATION OF FURTHER INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

All the financial and other related information of the Company required by the Listing Rules will be published on the Stock Exchange's website and the Group's website www.dynamic.hk in due course. Printed copies will be sent to shareholders before the end of March 2005.

As at the date of this announcement, the Directors of the Company comprises Mr. Chua Domingo, Mr. Pang Kit Man, John, Mr. Tanenglian Mariano Chua, Mr. Tanenglian