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DYNAMIC HOLDINGS LIMITED

達力集團有限公司

(Incorporated in Bermuda with limited liability)

(stock code: 029)

VERY SUBSTANTIAL DISPOSAL

The Board announces that the Vendor, an indirectly wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser on 4th October, 2005 for the Disposal for a cash consideration of HK\$650 million. However, the Vendor shall pay to the Purchaser a rental guarantee payment in a lump sum of HK\$18 million upon completion of the Disposal. The terms and conditions of the Agreement have been arrived at after arm's length negotiations and are on normal commercial terms. The Board considers that the terms and conditions of the Disposal Agreement are fair and reasonable so far as the Shareholders are concerned and are in the best interests of the Company and the Shareholders as a whole.

The Disposal constitutes a very substantial disposal for the Company under Chapter 14 of the Listing Rules and is subject to the approval of Shareholders at the SGM. As at the date of this announcement, it is expected that no Shareholder will be required to abstain from voting in the SGM regarding the Disposal. Mr. Chua Domingo, who indirectly controls the voting rights of 93,321,279 Shares, representing approximately 42.59% of the issued share capital of the Company, has undertaken to the Company and the Purchaser that (i) he will procure the registered holders of the abovementioned Shares to vote in favour of the Disposal at the SGM; and (ii) he will not reduce his indirect beneficial shareholdings in the Company below 40% at any time before the SGM.

A circular containing, among other things, further information of the Disposal, including an independent valuation report of the Cargo Centre, together with a notice of the SGM will be despatched to the Shareholders as soon as practicable.

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 2:30 p.m., Monday, 3rd October, 2005 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on Wednesday, 5th October, 2005.

THE AGREEMENT

1. Date

4th October, 2005

2. Parties

Vendor: Yonderille Developments Limited (遠僑發展有限公司), a company incorporated in Hong Kong with limited liability and an indirectly wholly-owned subsidiary of the Company

Purchaser: Macquarie Goodman DCC Investments Limited, a company incorporated in Hong Kong with limited liability

The Purchaser is a wholly-owned subsidiary of Macquarie Goodman Group, the shares of which are listed on the Australian Stock Exchange (stock code: MGQ). The principal business of the Purchaser is property investment and the principal business of Macquarie Goodman Group comprises industrial property ownership, funds management, property development, project and development management and property services. The Purchaser has confirmed to the Vendor that its ultimate beneficial owners are the security holders of Macquarie Goodman Group.

As at the date of this announcement, the Directors confirm that, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties. The Purchaser and its ultimate beneficial owner have confirmed that they do not have any shareholding in the Company as at the date of this announcement. The Directors further confirm that having made all reasonable enquiries, neither the controlling Shareholder nor the Directors or any of their respective associates have any shareholding in Macquarie Goodman Group or any material interests in the Disposal as at the date of this announcement. On such basis, it is expected that no Shareholder will be required to abstain from voting in the SGM regarding the Disposal.

3. Consideration

Pursuant to the Agreement, the Vendor agreed to sell and the Purchaser agreed to acquire the Cargo Centre (i) in its present state and condition; (ii) subject to and with the benefit of the existing lettings, tenancies and licences; and (iii) free from encumbrances.

The consideration for the disposal of the Cargo Center is HK\$650 million in cash. Taking into account the Rental Guarantee Payment (details of which are set out under paragraph (4) below), payments which has been made or will be made by the Purchaser to the Vendor in relation to the Disposal are as follows:

- (i) HK\$5 million as earnest money prior to the signing of the Agreement;
- (ii) HK\$65 million as deposit on the date of the Agreement, of which the earnest money of HK\$5 million mentioned in (i) above shall be transferred and be treated as part payment of the deposit; and
- (iii) HK\$567 million upon completion of the Agreement, being the balance of the consideration of HK\$585 million after deducting the Rental Guarantee Payment.

Upon completion of the Disposal, the Vendor shall receive from the Purchaser an aggregate amount of HK\$632 million.

The terms and conditions of the Agreement including the consideration were reached and determined as a result of negotiations between the parties on an arm's length basis with reference to the prevailing property market conditions in Hong Kong and the valuation of HK\$500 million appraised by the Valuer as at 30th June, 2005 and were on normal commercial terms. Such valuation report was issued by the Valuer on 6th September, 2005. The Cargo Centre was valued at its market value with reference to comparable market transactions and on the basis of capitalization of the net income of the Cargo Centre and allowed for outgoings and making provisions for reversionary income potential. The consideration of HK\$650 million represents a premium of approximately 54.8% to the carrying value of the Cargo Centre of HK\$420 million as set out in the Company's audited consolidated accounts for the year ended 30th June, 2004 and a premium of approximately 30% to the valuation of HK\$500

million as appraised by the Valuer as at 30th June, 2005. The net consideration of the Disposal of HK\$632 million, being the consideration of HK\$650 million after deducting the Rental Guarantee Payment represents a premium of approximately 50.5% to the carrying value of the Cargo Centre of HK\$420 million as set out in the Company's audited consolidated accounts for the year ended 30th June, 2004 and a premium of approximately 26.4% to the valuation of HK\$500 million as appraised by the Valuer as at 30th June, 2005. The Directors consider that the terms and conditions of the Agreement are on normal commercial terms which are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

4. Rental Guarantee Payment

The Vendor shall pay to the Purchaser a lump sum of HK\$18 million on completion of the Disposal being an amount agreed to be payable to the Purchaser as rental guarantee. The payment is to be deducted from the balance of the consideration payable by the Purchaser to the Vendor upon completion of the Disposal.

The Rental Guarantee Payment has been reached and determined as a result of negotiations between the Vendor and the Purchaser on an arm's length basis with reference to the existing tenancies and the prevailing rental market conditions in Hong Kong. The amount was negotiated in place of a guaranteed rental yield for 3 years upon completion of the Disposal in respect of the Cargo Centre, which was initially sought from the Vendor by the Purchaser. The Company considers that it would be in a better position to measure and contain its financial exposure by agreeing on a fixed amount of a rental guarantee payment to be deducted from the consideration of the Cargo Centre upon completion of the Disposal. The Rental Guarantee Payment is a one-off payment and is non-refundable. The Directors consider that the Rental Guarantee Payment is on normal commercial term, which is fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

5. Conditions of the Disposal

Completion of the Disposal is subject to only one condition whereby the due compliance of all requirements which the Vendor and/or the Company is required to comply with under the Listing Rules in connection with the Disposal, including but not limited to the obtaining of the Shareholders' approval of the Disposal at the SGM.

If the condition shall not be fulfilled by the Vendor on or before the date which is 7 days prior to the date for completion of the Agreement, the Vendor shall forthwith notify the Purchaser or its solicitors, the Purchaser shall, within 5 business days of receipt of the Vendor's written notice, by written notice to the Vendor or its solicitors either to extend the date for completion of the Agreement or to rescind the Agreement with immediate effect whereupon the Vendor shall return to the Purchaser or its solicitors all deposits paid but without costs or compensation and if the return is made within 7 days from the date of receipt of the Purchaser's response, without interest, and the parties shall enter into an agreement for cancellation to cancel the Agreement and neither party shall have any claim against the other.

If the Purchaser shall fail (other than due to the default of the Vendor) to complete the purchase of the Cargo Centre pursuant to the terms of the Agreement, all deposits paid shall be forfeited to the Vendor who may rescind the sale and resell the Cargo Centre and any deficiency in price and all reasonable expenses in connection with the re-sale of the Cargo Centre shall be recoverable by the Vendor from the Purchaser. Without prejudice to the Purchaser's right to extend the date of completion mentioned above, if the Vendor shall fail (other than due to the default of the Purchaser or non-fulfillment of the above condition) to complete the sale of the Cargo Centre pursuant to the terms of the Agreement, the Vendor shall refund in full all deposits paid to the Purchaser without prejudice to the Purchaser's rights and remedies including to claim for damages and/or specific performance under the Agreement.

6. Completion

Subject to the right of extension available to the Purchaser mentioned in paragraph 5 above, completion of the Disposal shall take place (i) within 7 days after the receipt by the Purchaser of the Vendor's notice that all necessary Shareholders' and other approvals, including the Shareholders' approval at the SGM in respect of the Agreement and the transactions contemplated thereunder has been obtained; or (ii) by 23rd December, 2005, whichever is the earlier.

Completion of the Disposal is expected to take place on or before 23rd December, 2005.

USE OF PROCEEDS

The net sale proceeds of the Disposal, being the cash consideration of HK\$650 million after deducting the Rental Guarantee Payment, are HK\$632 million. Taking into account of the agent's commission of approximately HK\$7 million, the net proceeds from the Disposal are estimated to be approximately HK\$625 million. The Directors intend to apply the estimated net proceeds from the Disposal as follows:

- (a) to discharge mortgage loans over the Cargo Centre in favour of a licensed bank in Hong Kong (the principal amount outstanding as at the date of this announcement was approximately HK\$151.5 million); and
- (b) the balance thereof for general working capital of the Group which will be approximately HK\$473.5 million based on the outstanding principal amount of mortgage loans of HK\$151.5 million as at the date of this announcement. However, the Group may use part of such balance to finance, or partly finance the acquisition of premium properties for the Group in the Mainland China as opportunities arise.

The Company is currently considering to acquire premium properties for the Group in the Mainland China as opportunities arise. Such acquisition may be financed or partly financed by the balance of the net proceeds of the Disposal under general working capital of the Group. As at the date of this announcement, the amount of such acquisition has not yet been determined by the Board. The Company is in preliminary discussions and/or review of a number of opportunities in relation to premium properties in the Mainland China which include investment opportunities from related parties/connected persons of the Company. As at the date of this announcement, no agreement in relation to any acquisition has been signed and no definitive terms or timetable have been agreed. The Company will keep the Shareholders and investors informed by way of announcement and take all other actions required in compliance with the applicable requirements of the Listing Rules if and when any written agreement in relation to any such investment opportunities has been signed.

INFORMATION ABOUT THE CARGO CENTRE

The Cargo Centre is located at No. 110–118 Texaco Road and No. 180–200 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong. The Cargo Centre comprises 32 van/private car parking spaces, 26 lorry parking spaces and 2 container parking spaces on the 2nd to 5th floors, flat roofs on the 2nd floor, reserved area on the 5th floor and warehousing units on the 6th, 7th, 9th, 10th, 12th to 28th and 30th floors. The Cargo Centre has a total gross floor area of approximately 718,168 square feet (excluding the car parking spaces).

The Cargo Centre was acquired by the Group in 1992 at a cost of approximately HK\$560 million. The Cargo Centre has been held by the Group as investment property.

The Cargo Centre is currently subject to tenancies. Currently, the Group occupies an office of approximately 1,168 square feet which accounts for approximately 0.2% of the total gross floor area of the Cargo Centre as storage space. As at the date of this announcement, the Cargo Centre is the only investment property held by the Group. The Cargo Centre is to be acquired by the Purchaser with the benefit of the existing tenancy agreements of the Cargo Centre.

Based on the Company's audited consolidated accounts, rental income attributed to the Cargo Centre for each of the two years ended 30th June, 2003 and 2004 were approximately HK\$26.9 million and approximately HK\$27.2 million respectively whilst the Cargo Centre recorded an operating loss of approximately HK\$16.6 million for the year ended 30th June, 2003 and an operating profit of approximately HK\$24.8 million for the year ended 30th June, 2004. Without taking into consideration of any tax effect, it is expected that, upon completion of the Disposal, a gain of approximately HK\$125 million (subject to audit) will be accounted for by the Group based on the estimated net proceeds from the Disposal of approximately HK\$625 million and the carrying value of the Cargo Centre of HK\$500 million as at 30th June, 2005.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company is an investment holding company. The Group is principally engaged in property investment and development.

In view of the recent upturn in Hong Kong's property market, the Directors consider that the Disposal will provide an opportunity for the Company to dispose of the Cargo Centre which the Group has held for 13 years at a fair market price. The Disposal is a step towards the realignment of the property portfolio of the Group in order to strengthen its asset base in the long term by seeking to acquire premium properties in the Mainland China which, in the opinion of the Directors, could provide potentially higher growth in rental yield and/or capital gain in the long term. In addition, the Disposal will provide funding resources in order to achieve such realignment.

GENERAL

The Disposal constitutes a very substantial disposal for the Company under Chapter 14 of the Listing Rules. Pursuant to Rule 14.49 of the Listing Rules, the Disposal is conditional on approval by the Shareholders at the SGM. As at the date of this announcement, the Directors confirm that, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are Independent Third Parties. The Purchaser and its ultimate beneficial owner have confirmed that they do not have any shareholding in the Company as at the date of this announcement. The Directors further confirm that having made all reasonable enquiries, neither the controlling Shareholder nor the Directors or any of their respective associates have any shareholding in Macquarie Goodman Group or any material interests in the Disposal as at the date of this announcement. On such basis, it is expected that no Shareholder will be required to abstain from voting in the SGM regarding the Disposal. Mr. Chua Domingo, who indirectly controls the voting rights of 93,321,279 Shares, representing approximately 42.59% of the issued share capital of the Company, has undertaken to the Company and the Purchaser that (i) he will procure the registered holders of the abovementioned Shares to vote in favour of the Disposal at the SGM; and (ii) he will not reduce his indirect beneficial shareholdings in the Company below 40% at any time before the SGM.

A circular containing, among other things, further information on the Disposal and including an independent valuation report of the Cargo Centre, together with a notice of the SGM will be despatched to the Shareholders as soon as practicable.

Trading in the Shares on the Stock Exchange was suspended as from 2:30 p.m. on Monday, 3rd October, 2005 at the request of the Company pending the issue of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on Wednesday, 5th October, 2005.

DEFINITIONS

The following words and phrases used in this announcement have the following meaning:

“Agreement”	the agreement dated 4th October, 2005 entered into between the Vendor and the Purchaser relating to the Disposal
“associate”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of the Directors
“Cargo Centre”	car parking spaces on 2nd to 5th floors, flat roofs on the 2nd floor, reserved area on the 5th floor and warehousing units on 6th, 7th, 9th, 10th, 12th to 28th floors and 30th floor, Dynamic Cargo Centre, No. 110–118 Texaco Road and No. 180–200 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong
“Company”	Dynamic Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company, including independent non-executive directors
“Disposal”	the disposal of the Cargo Centre by the Vendor to the Purchaser in accordance with the terms and conditions of the Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	person(s) who is/are independent of and not connected with the Company and any of the directors, chief executive, substantial shareholders of the Company or any of its subsidiaries or any of their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mainland China”	the People’s Republic of China, excluding Hong Kong, Macau and Taiwan
“Purchaser”	Macquarie Goodman DCC Investments Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Macquarie Goodman Group
“Rental Guarantee Payment”	a lump sum of HK\$18 million payable by the Vendor to the Purchaser upon completion of the Disposal as rental guarantee payment
“Share(s)”	ordinary share(s) of HK\$1.00 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“SGM”	a special general meeting of the Company to be convened to approve, among other things, the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Valuer”	Knight Frank Hong Kong Limited, an independent professional valuer and appointed by the Vendor
“Vendor”	Yonderille Developments Limited (遠僑發展有限公司), a company incorporated in Hong Kong with limited liability and an indirectly wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	percentage

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

Hong Kong, 4th October, 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. Tan Lucio Jr. Khao and Mr. Cheung Chi Ming as Executive Directors; and Mr. Chong Kim Chan, Kenneth, Mr. Sy Robin and Mr. Mak Kwai Wing, Alexander as Independent Non-Executive Directors.

*Please also refer to the published version of this announcement in (**The Standard**)*