



DYNAMIC HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 30TH JUNE, 1999

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, 1999 together with comparative figures for the previous year are as follows:

		Year ended 30 th June,	
		1999	1998
	Notes	HK\$'000	HK\$'000
Turnover	1	<u>54,527</u>	<u>67,482</u>
Operating (loss) profit			
Continuing operations excluding exceptional items		34,019	43,370
Exceptional items	2	<u>(213,480)</u>	<u>-</u>
		(179,461)	43,370
Share of results of an associated company		<u>931</u>	<u>1,274</u>
(Loss) Profit from ordinary activities before taxation		(178,530)	44,644
Taxation	3	<u>(176)</u>	<u>(320)</u>
(Loss) Profit for the year		<u>(178,706)</u>	<u>44,324</u>
Distributions		<u>8,764</u>	<u>8,848</u>
(Loss) Earnings per share (Hong Kong cents)	4	<u>(81.6)</u>	<u>20.3</u>

Notes:

1. Turnover

	Year ended 30th June,	
	1999	1998
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover comprises:		
Rental income	53,349	64,809
Interest income	1,178	2,673
	<u>54,527</u>	<u>67,482</u>

2. Exceptional Items

	Year ended 30th June,	
	1999	1998
	<i>HK\$'000</i>	<i>HK\$'000</i>
Deficit arising on revaluation of investment properties in Hong Kong Special Administrative Region ("Hong Kong")	134,232	-
Provision for diminution in value of property projects in the People's Republic of China (the "PRC")	79,248	-
	<u>213,480</u>	<u>-</u>

3. Taxation

	Year ended 30th June,	
	1999	1998
	<i>HK\$'000</i>	<i>HK\$'000</i>
The tax charge comprises:		
Hong Kong Profits Tax		
Current year	135	144
(Over) Underprovision in prior years	(29)	66
Share of taxation of an associated company in the PRC	70	110
	<u>176</u>	<u>320</u>

Hong Kong Profits Tax is calculated at 16% (1998: 16%) of the estimated assessable profits for the year.

The Hong Kong Profits Tax charge for the year was relieved by approximately HK\$2,272,000 (1998: HK\$3,692,000) 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.

4. (Loss) Earnings per share

The calculation of (loss) earnings per share is based on the loss for the year of HK\$178,706,000 (1998: a profit of HK\$44,324,000) and on the weighted average number of 219,103,681 (1998: 218,066,366) ordinary shares in issue throughout the year.

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

5. Movement in reserves

Out of the resulting deficit arising on revaluation of investment properties of HK\$140,000,000 during the year, 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 profit and loss account.

DISTRIBUTIONS

In view of the operating profit from continuing operations excluding exceptional items, the Directors recommend payment of a final distribution of 2 Hong Kong cents (1998: 2 Hong Kong cents) per share to all shareholders whose names appear on the register of members of the Company on 30th December, 1999. Together with the interim distribution of 2 Hong Kong cents per share paid, the total distributions for the year ended 30th June, 1999 will be 4 Hong Kong cents (1998: 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, 2000.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 23rd December, 1999 to Thursday, 30th December, 1999, 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 1601 Hutchison House, 10 Harcourt Road, Central, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 22nd December, 1999.

BUSINESS REVIEW AND PROSPECTS

For the year ended 30th June, 1999, the Group's principal business activities were the holding of investment properties for rental income and property development. The Group recorded a turnover of HK\$54,527,000 and an operating profit of HK\$34,019,000 from continuing operations before exceptional items. These results are mainly attributable to the rental income generated from the Group's interests in Dynamic Cargo Centre in Tsuen Wan. Such turnover and operating profit represent decreases of about 19% and 22% respectively as compared to the previous year. However, an exceptional provision of HK\$213,480,000 was made for the year to account for the revaluation deficit of investment property in Hong Kong and diminution in value of property projects in the PRC being written off. Consequently, a loss of HK\$178,706,000 was incurred for the year as compared with the profit of HK\$44,324,000 for the previous year.

During the year under review, a decrease in import/export activities together with an increase in the supply of warehouse spaces in Hong Kong has eroded rental income. Rental from the Group's Dynamic Cargo Centre dropped by about 18% in the year. It is expected that further erosion of rental will take place in line with the Group's efforts to maintain a higher level of occupancy which is at present in excess of 80%.

In the year, the Group still concentrated its resources on the development of phase one of a high-quality residential and commercial complex known as Chaoyang Garden in Beijing, the PRC. The first residential block has been completed and delivered in September 1999. The first batch of owners has noticeably appreciated the high quality work. The second residential block is scheduled to deliver in early 2000 while presale of the third residential block has started in November 1999. Since the change of policy for welfare housing in Beijing, the supply of domestic houses has increased drastically. Keen competition has continued to force the prices downwards for 10% to 15%. However, as the PRC is expected to enter the World Trade Organisation, the foreign sales market is anticipated to revive very soon. The results for sale of the first block will be reflected in the coming interim results.

After protracted negotiations spanning over several years, agreement on the assessment of the land premium of the site (the "Site") at Tung Kok Tau, Shenzhen, the PRC (the "TKT"), which had been approved for change of use from cargo handling port to a multi-purpose commercial and residential development (the "Redevelopment"), was finally reached with the Shenzhen Municipality Planning and Land Bureau on 3rd November, 1999 in respect of Phase I of the Site allowing payment of land premium by three instalments. And on 18th November, 1999, formal agreement was concluded between the joint venture, Shenzhen Zhen Wah Harbour Enterprises Ltd. (in which the Group has 80% equity interests), and Shenzhen Municipality Planning and Land Bureau. Further details will be disclosed in the announcement of the Company published on 22nd November, 1999.

The modern city of Shenzhen is moving to the west. Very substantial new developments and improvements to the city's infrastructure have changed the outlook of both Futin and Nan Shan especially the newly completed super highway of Hai Bin Road making the Site now accessible within 20 minutes from Lo Wu station and Huanggang Port border crossing. Even without considering the potential of the Hongkong-Shenzhen link via the so-called western corridor scheduled to be completed by 2004, the TKT project together with its Phase II (the land price yet to be determined) has become a prime waterfront site offering exciting opportunities for sustained profits for the Group over the medium and longer term.

The Group's small-scale joint venture cargo handling operation at TKT remained profitable in the year. Such operation will continue in the interim until commencement of redevelopment works.

In the light of the foregoing, the Directors have deemed it prudent to make appropriate provisions in respect of the diminution of value of the Group's assets. An aggregate provision of HK\$213,480,000 has accordingly been made. However, notwithstanding this exceptional provision, the Group continues to maintain a healthy, liquid financial position with rental from the Cargo Centre and proceeds of sales from Chaoyang Garden.

YEAR 2000 COMPLIANCE

It is the Group's intention to be Year 2000 ("Y2K") compliant which is defined as the ability of computer systems including operating systems, applications, hardware and other related accessories to perform, function and manage data involving dates without being abnormally affected by dates before, during and after the year 2000.

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. Measures taken by the Group for this Y2K compliance were problem identification, program modifications as well as software/hardware upgrading and replacement, which were completed in June 1999. The Group has finalised all measures against Y2K problems as well as conversion of the affected systems; and contingency planning is underway.

As all the major critical business and operational systems of the Group have not been or will not be greatly affected by Y2K problems, the additional cost 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, 20th November, 1999