

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



DYNAMIC HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

DISCLOSEABLE TRANSACTION

The directors (the **“Directors”**) of Dynamic Holdings Limited (the **“Company”**) are pleased to announce that, on 19th November, 1999, Dynamic (B.V.I.) Limited, a wholly-owned subsidiary of the Company, has increased its equity interests in Shenzhen Zhen Wah Harbour Enterprises Ltd. (深圳圳華港灣企業有限公司) (**“Zhen Wah”**) from 49% to 80% (the **“Subscription”**). The total amount of the Subscription is RMB32,550,000 (equivalent to about HK\$30,506,000).

Zhen Wah has concluded an agreement dated 18th November, 1999 (the **“Agreement”**) with the Shenzhen Municipality Planning and Land Bureau (深圳市規劃國土局) (the **“Land Bureau”**) pursuant to which Zhen Wah is entitled to redevelop and acquire the land use rights in respect of a piece of land (the **“Property”**) at Tung Kok Tau in the Shekou District of the municipality of Shenzhen, the Shenzhen Special Economic Zone, the People’s Republic of China (**“PRC”**). The Property is currently used by Zhen Wah as a cargo handling port and it is proposed that the Property will be redeveloped into a multi-purpose commercial and residential complex (the **“Redevelopment”**) including a marina, villas, low-rise, high-rise, a hotel, a passenger ferry terminal as well as commercial and retail development.

Zhen Wah is required under the Agreement to pay the aggregate sum of RMB210,031,760 (equivalent to about HK\$196,843,000) to the Land Bureau. Dynamic (B.V.I.) Limited is required to finance or arrange the financing of the Redevelopment under the constitution of Zhen Wah. Further details are set out below in this announcement.

The Directors believe that the Subscription is in the interest of the Company and its subsidiaries (the **“Group”**) as Zhen Wah will change from being an associated company to subsidiary of the Group. The Subscription will enable the Group to control and manage the Redevelopment and to secure a higher share in the financial returns that may be generated by the Redevelopment.

The Subscription and the obligation to fund or arranging funding for the Redevelopment together constitute a discloseable transaction for the Company under the Listing Rules. A circular containing details of the transaction will be despatched to shareholders as soon as practicable within 21 days in compliance with the requirements of the Listing Rules.

Background and Reasons for the Subscription

Background

Zhen Wah is an equity joint venture in the PRC which, immediately before the Subscription, was owned as to 51% by Shenzhen Marine Company (深圳市航運總公司) and 49% by Dynamic (B.V.I.) Limited, a wholly-owned subsidiary of the Company.

The principal business of Zhen Wah is to operate a port with berthing and storage facilities in the Property.

The Property is strategically located in the Nantou Peninsula in the southwest of the Shenzhen Special Economic Zone. It is close to the Shekou Port and just across the Shenzhen Bay from the Hong Kong Special Administrative Region (“**Hong Kong**”).

The Directors believe that, having regard to the strategic location of the Property, there is enormous potential for the Property to be redeveloped by changing its existing use as a cargo handling port to a multi-purpose commercial and residential complex.

With this objective in mind, Zhen Wah has been negotiating with the Land Bureau in relation to the Redevelopment.

Conclusion of the Agreement

On 18th November, 1999, the Agreement was concluded between Zhen Wah and the Land Bureau pursuant to which Zhen Wah is entitled to redevelop and acquire the land use rights in respect of the Property. The total consideration payable to the Land Bureau, in addition to recurring land use fees in an amount to be determined from time to time, amounted to RMB210,031,760 (equivalent to about HK\$196,843,000).

Increase of equity interests in Zhen Wah

In order to finance the consideration payable to the Land Bureau, Dynamic (B.V.I.) Limited has increased its equity interests in Zhen Wah from 49% to 80% by injecting the sum of RMB32,550,000 (equivalent to about HK\$30,506,000). The Subscription was completed on 19th November, 1999. The current registered capital of Zhen Wah is RMB53,550,000 (equivalent to about HK\$50,187,000), contributed as to RMB42,840,000 (equivalent to about HK\$40,150,000) by Dynamic (B.V.I.) Limited and the remaining RMB10,710,000 (equivalent to about HK\$10,037,000) by Shenzhen Marine Company (深圳市航運總公司).

The Directors believe that the Subscription is in the interest of the Group as Zhen Wah will change from being an associated company to a subsidiary of the Group. The Subscription will enable the Group to control and manage the Redevelopment and to secure a higher share in the financial returns that may be generated by the Redevelopment.

Financial information on Zhen Wah

The audited net profit after tax of Zhen Wah for the financial years ended 31st December, 1997 and 1998 amounted to about RMB4,205,000 and RMB1,602,000 respectively (equivalent to about HK\$3,941,000 and HK\$1,501,000 respectively). The unaudited management accounts of Zhen Wah for the six months ended 30th June, 1999 recorded a net profit after tax of about RMB1,339,000 (equivalent to about HK\$1,255,000) for the said six months' period. The latest audited net tangible asset value of Zhen Wah as at 31st December, 1998 amounted to about RMB27,935,000 (equivalent to about HK\$26,181,000).

Business of the Group

The Group's principal activities are the holding of investment properties for rental income and property development.

The Property and the Redevelopment

Strategic location of the Property

The Property is strategically located on the seafront to Shekou District within the Shenzhen Special Economic Zone. With the recent completion of Hai Bin Road (海濱路), the Property is readily accessible within 20 minutes to Futin and Lo Wu; and after the completion of Shenzhen-Hongkong Western Corridor (港深西部通道) in 2004 linking Tung Kok Tau and Yuen Long, the Property will be within half an hour's reach from Hong Kong. With the prime location of the Property, the Directors believe that the Redevelopment has all the potentials to become a major revenue contributor to the Group in the medium and longer term.

Area of the Property and the Redevelopment

The Property (including land proposed to be reclaimed) has a site area of approximately 171,786 square metres. The land use rights in respect of the Property are for a period of 70 years commencing from 18th November, 1999 to 17th November, 2069. The Group currently contemplates that the Redevelopment, when completed, will have a gross floor area of not less than 310,000 square metres. Details of the Redevelopment will be subject to planning approval from relevant authorities being obtained. The Agreement provides that once relevant plans have been approved, construction work must commence within one year from such approval, and that the work must be completed on or before 31st December, 2007.

Consideration payable to the Land Bureau

The consideration payable to the Land Bureau for the Property (excluding recurring land use fees in an amount to be determined) in the aggregate sum of RMB210,031,760 (equivalent to about HK\$196,843,000) was negotiated on an arm's length basis. An aggregate sum of RMB54,230,000 (equivalent to about HK\$50,825,000) has already been paid. The balance of the consideration in the sum of RMB155,801,760 (equivalent to about HK\$146,018,000) will be payable by 2 instalments in May and November 2000 in the respective sums of RMB20,000,000 (equivalent to about HK\$18,744,000) and RMB135,801,760 (equivalent about HK\$127,274,000).

Pursuant to the constitution of Zhen Wah, Dynamic (B.V.I.) Limited is responsible for financing or arranging the financing of the payment of the balance of such consideration. The Directors will consider the best method of such financing which may include, where appropriate, the issuance of further shares and/or borrowings from financial institutions or third parties.

General

The subscription and the obligation to fund or arrange the funding of the Redevelopment together constitute a discloseable transaction of the Company under the Listing Rules. A circular containing

details of the transaction will be despatched to shareholders as soon as possible within 21 days as required under the Listing Rules.

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

Hong Kong, 20th November, 1999