



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 HK\$'000	2000 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 HK\$'000	2000 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 HK\$'000	2000 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 HK\$'000	2000 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 HK\$'000	2000 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 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 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 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 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 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 yuans. 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