

(Loss)/profit from operating activities

Dynamic Global Holdings Limited 環球動力控股有限公司

(Incorporated in Bermuda with limited liabilities)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2002

The directors (the "Directors") of Dynamic Global Holdings Limited (the "Company") announce the audited consolidated results of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2002 together with the comparative figures for the previous year as follows:

TURNOVER Cost of sales	Notes 2	2002 HK\$'000 9,230 (13,215)	2001 HK\$'000 32,582 (48,034)
Gross loss		(3,985)	(15,452)
Other revenue Selling and distribution expenses Administrative expenses Other operating expenses, net		76 (599) (43,383) (35,037)	310 (2,569) (37,437) (298,072)
		(78,943)	(337,768)
LOSS FROM OPERATING ACTIVITIES Finance costs	2, 3 4	(82,928) (13,020)	(353,220) (11,122)
Share of losses of associates Share of losses of a jointly-controlled entity		(95,948) (733)	(364,342) (2,209) (6,592)
LOSS BEFORE TAX Tax	5	(96,681) (1,540)	(373,143)
LOSS BEFORE MINORITY INTERESTS Minority interests		(98,221) 70	(373,196) 5,310
NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		(98,151)	(367,886)
Transfer to reserve		_	4
LOSS PER SHARE Basic	6	(3.96 cents)	(21.64 cents)
Diluted		N/A	N/A
Notes:			

Adoption of new and revised Statements of Standard Accounting Practice ("SSAPs")
The following new and revised SSAPs are effective for the first time for the current year's financial statements:
SSAP 1 (Revised) "Presentation of financial statements"
SSAP 11 (Revised) "Foreign currency translation"
SSAP 15 (Revised) "Cash flow statements"
SSAP 35 (Revised) "Cash flow statements"

- "Foreign currency translati "Cash flow statements" "Discontinuing operations" "Employee benefits"
- Turnover and segment information

	1 11 11	UVCI	operating	activities
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
By activity:				
Continuing operations				
Property development	3,219	22,732	(14,547)	(149,883)
Investment holding	15	9	(60,038)	(167,419)
	3,234	22,741	(74,585)	(317,302)
Discontinuing operations				
Toll bridge operations	3,450	4,758	(381)	(26,129)
Skiing operations	2.546	92	(6,948)	(8,344)
General trading	2,546	4,991	(1,048)	(1,244)
	5,996	9,841	(8,377)	(35,717)
Interest income and				
unallocated gains	-	-	34	303
Unallocated expenses	-	-	-	(504)
			34	(201)
Total	9,230	32,582	(82,928)	(353,220)
By geographical area:				
The People's Republic of China	0.215	22.552	(25.445)	(215.656)
Mainlând Chiña Hong Kong	9,215 15	32,573	(35,447) (47,515)	(217,656) (135,390)
Other	- 13	7	(47,313)	(133,390)
omer	9,230	32,582	(82,962)	(353,019)
	9,230	32,382	(82,902)	(333,019)
Interest income and				
unallocated gains Unallocated expenses	-	-	34	303 (504)
Unanocated expenses				
			34	(201)
Total	9,230	32,582	(82,928)	(353,220)

Turnover

Loss from operating activities
The Group's loss from operating activities is arrived at after charging: 2002 HK\$'000 Auditors' remuneration
Cost of inventories sold
Cost of properties sold
Depreciation
Provision against interests in associates
Provisions against advances and guarantees
to a shareholder of an associate
Impairment of properties under development
Provisions against long term deposits
Provisions against sundry deposits
Provisions for inventories
Impairment of long term investments
Impairment of fixed assets
Impairment of goodwill arising from
the acquisitions of an associate
and subsidiaries previously dealt
with in reserves
Provisions for properties held for sale
Provision against certain payments and
receipts, net
Provision for a legal claim
Provision for a legal claim
Provision for of pegal claim
Provision for open of the properties of the provision of so and the provision against contains the provision of so and the provision of so and the provision against contains the provision of so and the provision against contains the provision of so and the provision against contains the provision of so and the provision against contains the provision of so and the provision against contains the provision of so and the provision against contains the provision ag 1,200 3,682 37,078 10,273 46,612 26,027 26,483 Provision for a legal claim
Amortisation of goodwill attributable to an associate 3,662 2001 HK\$'000 Interest on bank loans and other loans wholly repayable: Within five years Over five years Interest on finance leases

Tax

No provision for Hong Kong profits tax has been made for the year as the Group did not generate any assessable profits arising in Hong Kong during the year (2001: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the respective jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

13,020

11,122

2002 HK\$'000 2001 HK\$'000 Mainland China Enterprise Income Tax Provided for the current year Under provision in previous years 53 1,531 1,540

No provision for tax is required for the Group's jointly-controlled entity and associates as no assessable profits were earned by the jointly-controlled entity and associates during the year (2001: Nil).

There was no material unprovided deferred tax during the year.

Loss per share

Loss per share The calculation of the basic loss per share is based on the net loss attributable to shareholders of HK\$98,151,000 (2001: HK\$367,886,000) and on the weighted average of 2,479,799,545 (2001: 1,699,766,135) ordinary shares in issue during the year.

Diluted loss per share for the year ended 31 December 2001 has not been disclosed as no diluting events existed in respect of the Company's warrants outstanding during 2001.

CHANGES FROM UNAUDITED RESULTS

The Group's net loss from ordinary activities attributable to shareholders amounted to approximately HK\$98,151,000. On 7 July 2003, the Directors announced the unaudited consolidated results of the Group for the year ended 31 December 2002, in which the net loss from ordinary activities attributable to shareholders amounted to approximately HK\$92,649,000. The difference was mainly due to the recognition of further impairment of properties under development made. The Directors believed that it is prudent for the Group to make the above provisions.

SUMMARY OF THE AUDITORS' REPORT

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The auditors issued a disclaimer opinion on the financial statements for the year ended 31 December 2002. They were unable to form an opinion as to whether the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2002 and of the loss and cash flows of the Group for the year then ended and as to whether the financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

A summary of the auditors' report is set out below:

Scope limitations arising from prior year's audit scope limitations affecting opening balances for current year

The previous auditors issued a disclaimer opinion on the financial statements of the Group for the year ended 31 December 2001 for various reasons amongst which included the significance of the possible effects arising from certain limitations on the scope of the audit which consequently resulted in scope limitations on the opening balances in the financial statements of the Group for the year ended 31 December 2002.

In summary the scope limitations affecting the opening balances include

- (i) Incomplete books and records of certain companies within the Group;
- (ii) Insufficient information on provisions of HK\$3.4 million made against the Group's advances to and for guarantee given in respect of loans granted by a financial institutions to a shareholder of an associate;
- Insufficient information to confirm the carrying value of HK\$56.7 million of unamortised goodwill arising from acquisition of an associate;
- (iv) Insufficient information to access the carrying value of certain fixed assets valued at HK\$53.5 million;
- Insufficient information to confirm if any provision is required to be made for the claim of approximately RMB11.6 million (HK\$10.9 million) from a former landlord; and
- (vi) The non equity accounting for the interests in two associates in accordance with Statement of Standard Accounting Practice 2.110 "Accounting for investments in associates" issued by the Hong Kong Society of Accountants.

Scope limitations arising from the current year's audit

- Due to the high turnover of management and staff within the Group during the year, certain underlying books and records of the Group were either lost, or could not be located, or have not been properly updated. Accordingly, the auditors have not been provided with adequate evidence to satisfy themselves as to the completeness, appropriateness, classifications and disclosures in the financial statements.

Scope limitation and disagreement over accounting treatment and disclosure – Interest in three associates

During the year, the Group acquired additional 10% interest in an associate, namely Golden Yield Enterprises Limited ("Golden Yield"), for approximately HK\$13.4 million. The directors were unable to obtain the financial statements of Golden Yield for the year ended 31 December 2002.

Due to the lack of financial information of Lawsons Infotech (Holdings) Corporation and Well Known Technology Limited, the Group has not accounted for any changes in its interests in these two associates since their acquisition in 2001 using the equity method of accounting.

Scope limitation – Carrying value of interest in associates
Included in the consolidated balance sheet at 31 December 2002 was a 39% interest in Golden Yield, in the amount of approximately HK\$66.7 million. The auditors have been unable to perform the procedures they consider necessary to satisfy themselves as to whether any impairment loss is required to be made against the carrying value of the unamortised goodwill of approximately HK\$66.5 million as at 31 December 2002.

Included in the consolidated balance sheet as at 31 December 2002 was an amount of RMB3 million (approximately HK\$2.8 million) due from an associate, namely Beijing Zotn Digital Technologies, Inc. The auditors have been unable to carry out auditing procedures to confirm the existence and recoverability of the amount due from the associate.

Scope limitation – Fixed assets
Included in the consolidated balance sheet at 31 December 2002 were certain fixed assets (the "Ski Assets") of Heilongjiang Industry Co., Ltd. ("HLJ Industry"), a wholly-owned subsidiary of the Group, in the amount of HK\$46.6 million, held for the operation of a skiing resort in Mainland China (the "Skiing Operations"). The Group's investment in HLJ Industry has been frozen by a court in Mainland China and the Skiing Operations have also been suspended. The auditors have been unable to perform the procedures they consider necessary to satisfy themselves as to whether any impairment loss is required to be made against the carrying value of the Ski Assets.

the Ski Assets.

Scope limitation – Legal claim
The Group has been made a judgement from a court in Mainland China pertaining to a claim of RMB11.6 million (approximately HK\$10.9 million) from a former landlord against the Company and a subsidiary in respect of the alleged breach of a tenancy agreement signed by a former subsidiary disposed of by the Group in previous year. The Directors consider that the Group has valid defences against the claim and are currently seeking legal opinion concerning the intended appeal against the judgement. Therefore, no provision for the amount claimed has been made in the financial statements. However, the auditors have not been provided with sufficient information to assess the likely outcome of the intended appeal and therefore, they have been unable to assess as to whether any provision is required to be made by the Group.

Scope limitation – Provision against sundry deposits

Scope limitation – Provision against sundry deposits Included in the consolidated income statement for the year ended 31 December 2002 was a provision aggregating HK\$9.5 million made against the Group's deposits advanced for acquisition of two investments. The auditors have been unable to obtain satisfactory explanations concerning the reasons why the deposits made by the Group during the year were not recoverable.

Scope limitation – Inventories The auditors were upoble to

The auditors were unable to carry out auditing procedures necessary to obtain adequate assurance regarding the quantities and condition of inventories of approximately HK\$3.3 million as stated in the consolidated balance sheet.

Scope limitation - Fundamental uncertainty - Going concern basis of the

Group
The Group's financial statements have been prepared on a going concern basis, the validity of which is dependent upon the successful outcome of various measures undertaken by the Group and the ongoing financial support of a major shareholder to ensure that adequate cash resources are available to the Group to enable it to meet its future working capital and financial requirements.

financial requirements.

EXPLANATION OF THE BOARD OF DIRECTORS TO THE MATTERS MENTIONED IN THE REPORT OF THE AUDITORS

The auditors have audited the financial statements for the year ended 31 December 2002 and issued an audit report with a disclaimer opinion on the financial statements. Given the unfavourable conditions experienced by the Group during the year under review, the Board of Directors considers that the qualification is understandable. In respect of the matters mentioned in the report of the auditors, the Board of Directors set out its comments as follows:

- Due to significant staff and management turnover within the Group over the recent years, The Group has found it difficult to obtain some information from certain of our subsidiaries, associates and investment projects. To date some of the information and records are still found to be incomplete. The Company is following up in this regard via its legal advisor. Furthermore, the Directors have already made proper provisions against the items concerned in a pragmatic and prudent manner with the available information.
- As regards the going concern problem, the Group has recently put on sale Fairyoung Building, which is located at Pudong Avenue and Taolin Road, Shanghai, PRC and the result is encouraging. The proceeds of sale have greatly improved the liquidity of the Group, which would help ease the doubt cast on the going concern problem.

DIVIDENDS

The Directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2002 (2001: Nil).

RESULTS FOR THE YEAR

The Group recorded an audited consolidated turnover and net loss of HK\$9,230,000 (2001: HK\$32,582,000) and HK\$98,151,000 (2001: HK\$367,886,000) respectively for the year ended 31 December 2002.

CHANGE OF COMPANY NAME

CHANGE OF COMPANY NAME
The name of the Company was changed from Fairyoung Holdings Limited (惠 揚控股集團有限公司) to Dynamic Global Holdings Limited (環球動力控股 有限公司) pursuant to a special resolution passed at a special general meeting of the Company held on 26 June 2002 and took effect upon the approval of the Registrar of Companies of Bermuda granted on 1 July 2002.

BUSINESS REVIEW

BUSINESS REVIEW
In 2002, the global economy was in turmoil, and Hong Kong was no exception. In view of this situation, the Group saw the need for restructuring and repositioning in order to consolidate its existing operations for a more promising development. Since July 2002, we have adopted the new name of Dynamic Global Holdings Limited, symbolizing a new vision and direction. The new management brought in forward looking strategies and policies. They not only implement appropriate policies firmly but also set hands to enhance the Group's corporate governance and image, which have strengthened our position in the development in the Greater China region. The new management prices itself in extensive business connections and profound experience in running large enterprises, as well as in investment and property development projects. We are confident that, equipped with these cutting edges, the Group will be brought to a new horizon after its successful re-positioning.

Toeing the above development policies, we had eliminated some of our unhealthy

Toeing the above development policies, we had eliminated some of our unhealthy assets during the period with a view to alleviating contingent liabilities and uncertainties, thus paving way for future development with stronger financial position. In December 2002, we entered into an agreement to dispose of four subsidiaries with operations in Xiamen, Fujian, PRC, and the transaction was completed in March 2003.

Despite the disposal of unhealthy assets and non-core businesses, we still maintained certain investments with considerable development potential. This includes Beijing Zotn Digital Technologies, Inc. ("Zotn Digital"), a software developer which has developed the "Talent Series" and "Zotn Series" software on its own, and the product has accounted for a respectable market share of the products of its kind. With this positive trend to continue, Zotn Digital is expected to give us a constant contribution in the near future.

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PROSPECTS AND OUTLOOK
The Severe Acute Respiratory Syndrome (SARS) outbreak in Hong Kong and the PRC in March 2003 has dealt a further blow to the already weak economy. Fortunately, however, the Group has not been significantly affected as we have repositioned ourselves more to property development projects in the PRC. With the SARS epidemic gradually under control, our Fairyoung Building located at the junction of Pudong Avenue and Taolin Road in Shanghai, PRC has recently been offered for sale and the result is satisfactory. The proceeds from sale of the property have markedly improved our liquidity position.

As the China economy is on an upward trend and the disposable income in the PRC is on the increase, we are optimistic with regard to the hotel-related business. Eyeing on the excellent prospects, we recently acquired Nan Zhang Shui Jing Lake Resort Hotel and its related facilities in Xiang Fan City, Hubel Province, PRC. The acquisition will not only strengthen our hotel and property

Province, PRC. The acquisition will not only strengthen our hotel and property management and development business, but also contribute a steady income to the Group.

the Group.

Riding on the new management's extensive business networks and experience in the PRC, we will also be seeking investment projects with promising potential, such as property, infrastructure and power resources. We will endeavour to better employ the proceeds from sale of property and our internal resources to bring our shareholders reasonable return in future.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 December 2002, the Group's current asset and current liabilities were HK\$63,875,000 and HK\$339,538,000 respectively. The bank loans and other borrowings amounted to HK\$91,084,000.

EXCHANGE RISK

EACHANGE RISK As the Group's operations are principally in the PRC and all assets and liabilities are denominated either in Renminbi, HK dollars or US dollars, the Directors believe that the operations of the Group are not subject to significant exchange

Employees' remuneration is determined in accordance with the nature of their duties and remains competitive under current market situation. The Group has participated in the Mandatory Provident Fund Scheme.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of listed securities of the Company by the Company or any of its subsidiaries during the year.

CODE OF BEST PRACTICE

The Directors are not aware of any matter which did not comply with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange throughout the year. Although the independent non-executive directors were not appointed for a specific term, they are subject to retirement by rotation and are eligible to offer themselves for re-election at the annual general meetings of the Company in accordance with the Company is Revelause. with the Company's Bye-law

PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

The information required under Paragraph 45(1) to 45(3) of the Appendix 16 to the Listing Rules will be published on the website of The Stock Exchange of Hong Kong Limited in due course.

By order of the Board Chen Jung Hsin Executive Director

Hong Kong, 11 July 2003