



Dynamic Holdings Limited

Building with Pride - Chaoyang Garden in Beijing

For the year ended 30th June, 2004, the turnover of Dynamic Holdings Limited and its subsidiaries amounted to HK\$410,257,000, representing a rise of about 39% over that of last year. This primarily results from the booking of sales proceeds (by about HK\$289,283,000) of the last two towers of Chaoyang Garden Phase II (The Sun Crest) in Beijing following the issue of occupation permit in October 2003. Sales revenue of Chaoyang Garden accounted for about 89% of the Group's turnover representing the major income source of the Group for the year. Other incomes of the Group were generated from rental of investment properties and from port operations.

In the year under review, the Group recorded a gross profit of HK\$73,418,000, showing a slight drop of about 4%. However, operating profit of the Group surged by about 327% to HK\$49,186,000 as compared with that of the previous year. The marked improvement is principally attributable to the booking of profit from property sales as mentioned above, whilst no further provision of deficit arising from revaluation of the Group's investment properties in Hong Kong was deemed necessary for the year under review.

The Group's net profit after taxation amounted to HK\$35,455,000 for the year, as against the loss of HK\$137,000 for the previous year.

Chaoyang Garden/The Sun Crest in Beijing

During the year under review, home sales in Beijing regained its momentum as a result of post-SARS economic revival in the latter part of 2003. Total property sales for the year amounted to HK\$365,209,000. However, an over-supply situation in the high-end residential sector in Beijing continued to exert pressure on price and profit. In the longer term, the Group's established brand name and quality image together with cost cutting measures will maintain Chaoyang Garden's competitive position.

Construction work of the final phase (Phase III), a multi-purpose residential/commercial complex, commenced in September 2003. Pre-sale of this phase is planned to be in the first quarter of 2005. The entire development is scheduled to be completed by the end of 2005.

In Beijing, new government policies to apply strict control over the supply of land for luxury residential projects have helped to ease competition. Sales of the remaining residential units will be on target. In the commercial sector, Beijing continues to experience an influx of small and medium corporations setting up offices there. It is anticipated that Chaoyang Garden Phase III, being specifically designed to meet such needs, will be well-received.

Dynamic Cargo Centre in Hong Kong

This warehouse building with high-speed hoist facilities enjoys a reputation of excellent management over years and is the first warehouse building to achieve 'Hong Kong Q-Mark Service Scheme' in the first presentation.

In the year under review, the Group's cargo centre benefited from increases in demands for warehousing space in Hong Kong, due to the buoyancy of re-export and the implementation of CEPA. As a result, the Group's cargo centre maintained a high level of occupancy of about 90% as at balance sheet date. A slight improvement in rental for new and renewed tenancies had helped to improve operating profit marginally.

In Hong Kong, continued strong re-export associated with the free tariff arrangement on manufactured goods under CEPA will fuel demands for warehousing space. As most tenancies of the Group's cargo centre have been renewed during the year, rental income for the coming year will remain stable.

Tung Kok Tau in Shenzhen

Tung Kok Tau, strategically located in the Nantou Peninsula in the southwest of Shenzhen, is close to Shekou Port and just across Shenzhen Bay from Hong Kong.

In the year under review, the operating income and profit of the port operations in Tung Kok Tau increased by about 15% and 17% respectively. In December 2003, the Group paid the balance land premium of about RMB156,000,000 to secure an area of 171,788 square metres comprising the "red-line" zone of the Tung Kok Tau site having a total developable gross floor area (GFA) of 310,400 square metres for multi-purpose commercial and residential complex.

The city of Shenzhen has made aggressive plans to turn the Shenzhen Bay Area into an up-market residential area with large parks and green belts. This, in conjunction with the completion of the so-called Western Corridor linking Hong Kong and Shekou in 2005 will transform the Group's Tung Kok Tau site into a prime project.