On behalf of the board of directors, I hereby present the annual report of Dynamic Global Holdings Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2005.

RESULTS

The Group recorded an audited consolidated turnover and net loss attributable to equity shareholders of the Company of HK$30,918,000 (2004: HK$58,624,000) and HK$97,380,000 (2004: HK$72,351,000), respectively, for the year ended 31 December 2005.

REVIEW OF OPERATIONS AND FUTURE PROSPECTS

The year under review was still a difficult year for the Group. The construction works of the Group's two major projects in the PRC, Fairyoung Building in Pudong, Shanghai ("Shanghai Project") and commercial site in Harbin City, Heilongjiang ("Harbin Project), had experienced some delay due to shortage of funds, which was mainly resulting from the austerity measures implemented in the PRC in 2004. The delay had resulted in a substantial decrease in the Group's turnover and an increase in the net loss during the year.

The performance of Beijing Zotn Digital Technologies, Inc. ("Zotn"), an associate of the Company, had turned for the worse during the year. The Board decided to recognize a full impairment loss on the investment in Zotn at the end of 2005.

Despite the difficulties it has encountered, the Group will continue to focus on pursuing its core business in the field of property investment and development in the PRC. The Group will keep on closely monitoring the progress of development of the above-mentioned two major projects so as to ensure their completion in the near future, and hence some proceeds of sale and rental income will be generated. In or about January 2006, the Group negotiated with an independent third party with a view to selling part of the shopping mall in the Shanghai Project at its uncompleted stage. However, no deal had been closed at the end. The Shanghai Project is expected to be completed by July 2006.

As at 31 December 2005, the capital value in existing state of Group's construction in progress in the Harbin Project was approximately RMB163,188,000, which was based on a valuation carried out by an independent professionally qualified valuer on the depreciated replacement cost valuation approach. However, this amount has not been recognized in the consolidated balance sheet of the Group since we are treating it with a prudent manner. When the Harbin Project is completed by the end of 2006 as scheduled, its full value will be reflected properly.

It is expected that the two projects will be available for sale and/or leasing at a better value when completed. By then the cash flow position of the Group would be improved. Moreover, the Group has obtained loan finance from its substantial shareholder on comparatively favourable terms and is negotiating with its major creditors for loan extension as well as considering different ways to consolidate its operations and improve its income stream. With all these measures in place, we are confident that the Group will tide over the difficulties and turn a new page in the year to come.

LIQUIDITY, FINANCIAL RESOURCES, CHARGE ON ASSETS, GEARING AND CAPITAL COMMITMENTS

As at 31 December 2005, the Group's current asset and current liabilities were HK$184,861,000 and HK$322,814,000 respectively. The borrowings amounted to HK$86,050,000.

As at 31 December 2005, main charges on assets of the Group included HK$126,000 on property, plant and equipment and bank balances of HK$440,000.

As at 31 December 2005, capital commitments mainly consisted of the construction costs for the Shanghai and Harbin Projects amounting to HK$34,140,000.

The Group's gearing ratio as at 31 December 2005 was 106%, which is calculated on the Group's total liabilities divided by its total assets.

EXCHANGE 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 risk.

CONTINGENT LIABILITIES

It is a common practice in the PRC for banks providing mortgage financing to end-users require property developers to provide buy-back guarantee to secure the due performance of the borrowers. As at 31 December 2005, a subsidiary of the Company had provided buy-back guarantees amounting to HK$195,272,000 to banks for granting mortgage loans to buyers of the Shanghai Project.

EMPLOYEES AND REMUNERATION POLICIES

The Group has a total of approximately 50 employees, who are remunerated according to nature of the job and market trend, as well as individual qualifications and performance. The Group has participated in the defined contribution retirement plans. On the job training is provided to staff from time to time. The Group currently does not have any share option scheme for employees.

APPRECIATION

On behalf of the Board, I would like to express our gratitude to the management and staff for their valuable contribution and dedication in the past year. We would also like to thank our shareholders, investors, customers and business partners for their continued support and confidence.

Chen Jung Hsin
CEO & Executive Director

Hong Kong, 19 April 2006