

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

This announcement appears for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.



中國動力
China Dynamics

China Dynamics (Holdings) Limited

中國動力(控股)有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 476)

**SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE
AND
PROPOSED APPOINTMENT OF DIRECTOR**

THE SUBSCRIPTION

On 9 October 2020 (after trading hours), the Company entered into the Subscription Agreements with the Subscribers respectively, pursuant to which the Subscribers conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue an aggregate of 1,320,000,000 Subscription Shares at the Subscription Price of HK\$0.05 per Subscription Share.

The Subscription Price of HK\$0.05 per Subscription Share represents (i) the closing price of HK\$0.05 per Share as quoted on the Stock Exchange on the date of the Subscription Agreements; and (ii) a premium of approximately 0.4% to the average closing price of approximately HK\$0.0498 per Share as quoted on the Stock Exchange for the last five consecutive trading days of the Shares immediately prior to the date of the Subscription Agreements.

The Subscription Shares represents (i) approximately 19.26% of the existing issued share capital of the Company of 6,854,893,200 Shares as at the date of this announcement; and (ii) approximately 16.15% of the issued share capital of the Company of 8,174,893,200 Shares as enlarged by the allotment and issue of the Subscription Shares in aggregate, subject to completion of the Subscription (assuming that there will not be any changes in the issued share capital of the Company save for the allotment and issue of the Subscription Shares). The aggregate nominal value of the Subscription Shares under the Subscription will be HK\$13,200,000.

Assuming the Subscription Shares are fully subscribed, the gross proceeds and net proceeds from the Subscription (after deducting all related professional fees and other expenses of approximately HK\$0.2 million to be borne by the Company under the Subscription) are expected to be HK\$66.0 million and approximately HK\$65.8 million, respectively. The Company intends to use the net proceeds from the Subscription for the development and internationalisation of the electric vehicle business of the Group. The net proceeds raised per Subscription Share upon completion of the Subscription will be approximately HK\$0.05 per Subscription Share.

Completion of the Subscription is subject to the satisfaction of the conditions precedent in the Subscription Agreements. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

PROPOSED APPOINTMENT OF DIRECTOR

Upon the completion of the Subscription under Subscription Agreement I, Dato' Sri Johann Young (“**Dato' Sri Young**”), the ultimate beneficial owner of Subscriber I, will join the Board as an executive Director and deputy chairman of the Company.

On 9 October 2020 (after trading hours), the Company entered into the Subscription Agreements with the Subscribers respectively, pursuant to which the Subscribers conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue an aggregate of 1,320,000,000 Subscription Shares at the Subscription Price of HK\$0.05 per Subscription Share.

SUBSCRIPTION AGREEMENTS

The principal terms of each Subscription Agreement are substantially the same. Set out below are the key terms of the Subscription Agreements.

Date

9 October 2020 (after trading hours)

Parties

Subscription Agreement I: (1) the Company, as issuer; and
(2) Subscriber I, as subscriber.

Subscription Agreement II: (1) the Company, as issuer; and
(2) Subscriber II, as subscriber.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, each of the Subscribers and their respective ultimate beneficial owner(s) are Independent Third Parties. As at the date of this announcement, the Subscribers are not interested in any Shares.

Subscription

Pursuant to the Subscription Agreement I, the Company has conditionally agreed to allot and issue to the Subscriber I, and the Subscriber I has conditionally agreed to subscribe for, 1,000,000,000 new Shares at the Subscription Price of HK\$0.05 per Subscription Share.

Pursuant to the Subscription Agreement II, the Company has conditionally agreed to allot and issue to the Subscriber II, and the Subscriber II has conditionally agreed to subscribe for, 320,000,000 new Shares at the Subscription Price of HK\$0.05 per Subscription Share.

Subscription Shares

The Subscription Shares I represent (i) approximately 14.59% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 12.23% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares in aggregate, subject to completion of the Subscription (assuming that there will not be any changes in the issued share capital of the Company save for the allotment and issue of the Subscription Shares).

The Subscription Shares II represent (i) approximately 4.67% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 3.91% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares in aggregate, subject to completion of the Subscription (assuming that there will not be any changes in the issued share capital of the Company save for the allotment and issue of the Subscription Shares).

The Subscription Shares have an aggregate nominal value of HK\$13,200,000 and the market value of the Subscription Shares is HK\$66,000,000 based on the closing price of HK\$0.05 per Share as quoted on the Stock Exchange on the date of signing the Subscription Agreements.

Ranking of the Subscription Shares

The Subscription Shares, when allotted and issued, will rank *pari passu* in all respects among themselves, free from all claims, charges, liens, encumbrances, equities and other third-party rights of any nature whatsoever, and with Shares in issue as at the date of allotment and issue of the Subscription Shares.

Subscription Price

The Subscription Price of HK\$0.05 per Subscription Share represents:

- (i) the closing price of HK\$0.05 per Share as quoted on the Stock Exchange on the date of the Subscription Agreements; and
- (ii) a premium of approximately 0.4% to the average closing price of approximately HK\$0.0498 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Subscription Agreements.

Assuming the Subscription Shares are fully subscribed, the gross proceeds and net proceeds from the Subscription (after deducting all related professional fees and other expenses of approximately HK\$0.2 million to be borne by the Company under the Subscription) are expected to be HK\$66.0 million and approximately HK\$65.8 million, respectively. The Company intends to use the net proceeds from the Subscription for the development and internationalisation of the electric vehicle business of the Group. The net proceeds raised per Subscription Share upon completion of the Subscription will be approximately HK\$0.05 per Subscription Share.

The Subscription Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and each of the Subscribers. The Directors (including all independent non-executive Directors) consider that the Subscription Price and the terms of the Subscription are fair and reasonable based on the current market conditions and are in the interests of the Company and the Shareholders as a whole.

Conditions Precedent to the Subscription

Completion of the Subscription under each of the Subscription Agreements is conditional upon the fulfillment of the following conditions:

1. the Listing Committee of the Stock Exchange having granted approval for the listing of, and permission to deal in, in all of the Subscription Shares and such approval and permission not subsequently being revoked or withdrawn; and
2. all other necessary waivers, consents and approvals (if required) from the relevant governmental or regulatory authorities in Hong Kong and Bermuda for this Agreement and the transactions contemplated hereunder having been obtained and fulfilled.

In the event that the above condition is not fulfilled by 5:00p.m. on 30 October 2020 (or such other time and date as may be agreed in writing by the Company), all rights, obligations and liabilities of the parties under the Subscription Agreements shall cease and determine and neither parties shall have any claim against the other, save for any antecedent breaches of the Subscription Agreements.

Completion of the Subscription under each of the Subscription Agreements is not inter-conditional with each other.

Completion

Completion of the Subscription will take place on the Completion Date.

GENERAL MANDATE

The Subscription Shares will be issued under the General Mandate, which has been granted to the Directors by the Shareholders at the AGM. As at the date of the Subscription Agreements and this announcement, the Company has the power to allot and issue up to 1,370,978,640 Shares under the General Mandate. The General Mandate is sufficient for the allotment and issue of the Subscription Shares, and the issue of the Subscription Shares is not subject to the approval of the Shareholders.

APPLICATION FOR LISTING

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Subscription Shares.

INFORMATION ON THE SUBSCRIBERS

Subscriber I, a company incorporated in Hong Kong and principally engaged in investment holding, is wholly-owned by Dato' Sri Young. Please refer to the section headed "Proposed Appointment of Director" for the biographical details of Dato' Sri Young.

Subscriber II, a company incorporated in the British Virgin Islands and principally engaged in investment holding, is ultimately and wholly-owned by Mr. Enrique Mendieta Aboitiz JR. He has over 40 years of experience in heading large Philippine corporations. He is currently the chairman of the board and vice chairman of some public companies, include Aboitiz Equity Ventures and Aboitiz Power Corporation. He also is president and chief executive officer of all his personal companies in varied lines of businesses including distribution, importation and retailing of fine wines, jamons and other specialty products, and providing cybersecurity services and crowdfunding solutions. Apart from managing companies, he also has experience in investing in several start up technology companies. As at the date of this announcement, Subscriber II does not have any interest in the Shares within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

INFORMATION OF THE GROUP

The principal activity of the Company is investment holding. The principal activities of the subsidiaries of the Company consist of investment holding, development of new energy business and trading of metals and minerals.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND USE OF PROCEEDS

The Directors have considered various ways of raising funds and consider that the Subscription represents an attractive opportunity to raise capital for the Company while broadening the Shareholder base and capital base of the Company. Accordingly, the Directors (including the independent non-executive Directors) consider the Subscription Agreements (including the Subscription Price) and the transactions contemplated thereunder are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Assuming the Subscription Shares are fully subscribed, the gross proceeds and net proceeds from the Subscription (after deducting all related professional fees and other expenses of approximately HK\$0.2 million to be borne by the Company under the Subscription) are expected to be HK\$66.0 million and approximately HK\$65.8 million, respectively. The Company intends to use the net proceeds from the Subscription for the development and internationalisation of the electric vehicle business of the Group. The net proceeds raised per Subscription Share upon completion of the Subscription will be approximately HK\$0.05 per Subscription Share.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any fund raising activities in the past twelve months immediately preceding the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 6,854,893,200 Shares in issue. Set out below is a table showing the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon completion of the Subscription, assuming there is no other change to the share capital and in the shareholding structure of the Company between the date of this announcement and completion of the Subscription:

Shareholders	Existing shareholding as at the date of this announcement		Shareholding immediately upon completion of the Subscription	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Mr. Cheung Ngan (<i>Note 1</i>)	720,624,959	10.51	720,624,959	8.82
Entrust Limited (<i>Note 2</i>)	469,313,910	6.85	469,313,910	5.74
Mr. Zhou Jin Kai (<i>Note 3</i>)	339,280,000	4.95	339,280,000	4.15
HK Guoxin Investment Group Limited (<i>Note 4</i>)	740,000,000	10.79	740,000,000	9.05
Subscriber I	--	--	1,000,000,000	12.23
Subscriber II	--	--	320,000,000	3.91
Other public Shareholders	4,585,674,331	66.90	4,585,674,331	56.10
Total	6,854,893,200	100.00	8,174,893,200	100.00

Notes:

1. Mr. Cheung Ngan is the chairman and executive director of the Company. The 720,624,959 Shares of which 498,038,559 Shares is held by Mr. Cheung Ngan and 222,586,400 Shares is held by Faith Profit Holding Limited. Mr. Cheung Ngan holds 100% interest in Faith Profit Holding Limited. Accordingly, Mr. Cheung Ngan is deemed to be interested in those Shares by virtue of the SFO.
2. Entrust Limited is controlled as to 34% by Mr. Chan Tok Yu, 25% by Ms. Chan Hoi Ying, 25% by Mr. Chan Hin Yeung and 16% by Ms. Siu Kwan. Ms. Chan Hoi Ying is an executive director of the Company. Mr. Chan Tok Yu is aged under 18 and his interest is held by Ms. Siu Kwan as a trustee. Accordingly, Mr. Chan Tok Yu and Ms. Siu Kwan are deemed to be interested in those Shares by virtue of the SFO.
3. Mr. Zhou Jin Kai is the non-executive director of the Company.
4. The 740,000,000 Shares is held by HK Guoxin Investment Group Limited, which is wholly owned by Mr. Li Feng Mao. Accordingly, Mr. Li Feng Mao is deemed to be interested in those Shares by virtue of the SFO.

Shareholders and potential investors should note that the Subscription is subject to conditions precedents under the Subscription Agreements to be fulfilled. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

PROPOSED APPOINTMENT OF DIRECTOR

Upon the completion of the Subscription under Subscription Agreement I, Dato' Sri Young, the ultimate beneficial owner of Subscriber I, will join the Board as an executive Director and deputy chairman of the Company.

Dato' Sri Young, aged 55, has over 30 years of working and investment experience in the technology and telecommunications sector. He has a Masters Degree in Business System Analysis and Design from the City University of London prior to which he graduated in Business Data Processing from the same university. Dato' Sri Young has held various technology roles within the Orange Telecommunications Group from Launch Director to Director of Asia for Orange World from 1992 to 2004. Since leaving Orange, he helped turnaround broadband company interTouch and successfully sold the company to NTT DOCOMO. Dato' Sri Young started a biometric security technology company after the sale of NTT DOCOMO interTouch and successfully sold the company in 2018. Apart from running his own technology company, he has actively invested in several starts up technology companies that became very successful in their rights such as Zalando, FIA Formula e Racing, Beyond Meat, etc. to mention a few. He also holds several worldwide patents related to forensic security technology.

Pursuant to the service agreement to be entered into between the Company and Dato' Sri Young with effect from the date of completion of the Subscription under Subscription Agreement I, the term of appointment of Dato' Sri Young is five years, provided that either party may terminate the service agreement at any time by giving the other not less than three months written notice. Dato' Sri Young's appointment is subject to retirement from office and re-election at the next following annual general meeting of the Company in accordance with article 112 of the articles of association of the Company (the "Articles"). In addition, Dato' Sri Young is also subject to the rotational retirement and re-election requirements at an annual general meeting of the Company pursuant to the Articles. Dato' Sri Young will not receive any remuneration from the Company for acting as an executive Director and deputy chairman of the Company but shall be entitled to a discretionary bonus which shall be determined by the Board in its absolute discretion with reference to prevailing market conditions in the industry and business performance of the Group.

Dato' Sri Young has not held any other directorships in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas nor has he taken up any positions in the Company or other member of the Group. Furthermore, Dato' Sri Young does not have any relationships with any directors, senior management, substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company. As at the date of this announcement, Dato' Sri Young does not have any interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Save as disclosed herein, there is no information to be disclosed pursuant to any of the requirements of Rule 13.51(2) of the Listing Rules nor any other matters which need to be brought to the attention of the Shareholders relating to the appointment of Dato' Sri Young as an executive Director and deputy chairman of the Company.

The Directors are of the view that the experience of Dato' Sri Young would greatly benefit the Company's strategic development.

DEFINITIONS

"AGM"	the annual general meeting of the Company held on 31 August 2020
"Board"	the board of Directors
"Business Day"	a day, other than a Saturday and a day on which a tropical cyclone warning no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00a.m. and 5:00p.m., on which licensed banks in Hong Kong are open for general banking business throughout their normal business hours
"Company"	China Dynamics (Holdings) Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of the Stock Exchange

“Completion Date”	the fifth (5th) Business Days after the date on which all the conditions precedent to the Subscription have been fulfilled (or such other date as the Company and the Subscribers may agree in writing)
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 1,370,978,640 Shares, being 20% of the then issued shares of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	third party(ies) independent of the Company and its subsidiaries and their connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber I”	Y Dynamics Limited, a company incorporated in Hong Kong
“Subscriber II”	Arcata Group Limited, a company incorporated in the British Virgin Islands
“Subscribers”	collectively, Subscriber I and Subscriber II, and each, a Subscriber
“Subscription”	the subscription for the Subscription Shares by the Subscribers at the Subscription Price pursuant to the terms and conditions of the Subscription Agreements
“Subscription Agreement I”	the subscription agreement dated 9 October 2020 entered into between Subscriber I and the Company for the issue and subscription of 1,000,000,000 new Shares at the Subscription Price

“Subscription Agreement II”	the subscription agreement dated 9 October 2020 entered into between Subscriber II and the Company for the issue and subscription of 320,000,000 new Shares at the Subscription Price
“Subscription Agreements”	collectively, Subscription Agreement I and Subscription Agreement II, and each, a Subscription Agreement
“Subscription Price”	HK\$0.05 per Subscription Share
“Subscription Share(s)”	an aggregate maximum of 1,320,000,000 new Shares to be subscribed by Subscriber I as to 1,000,000,000 new Shares and by Subscriber II as to 320,000,000 new Shares, and to be issued and allotted by the Company pursuant to and in accordance with the terms and conditions of the Subscription Agreements
“%”	per cent.

By order of the Board
China Dynamics (Holdings) Limited
Cheung Ngan
Chairman

Hong Kong, 12 October 2020

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Cheung Ngan and Ms. Chan Hoi Ying, one non-executive Director, namely Mr. Zhou Jin Kai, and three independent non-executive Directors, namely Mr. Chan Francis Ping Kuen, Mr. Hu Guang and Dato’ Tan Yee Boon.