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**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**

### **THE SUBSCRIPTION**

On 8 March 2021 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue an aggregate of 268,000,000 Subscription Shares at the Subscription Price of HK\$0.145 per Subscription Share.

The Subscription Price of HK\$0.145 per Subscription Share represents (i) a premium of approximately 18.85% to the closing price of HK\$0.122 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and (ii) a premium of approximately 18.85% to the average closing price of approximately HK\$0.122 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 Agreement.

The Subscription Shares represent (i) approximately 3.34% of the existing issued share capital of the Company of 8,022,306,800 Shares as at the date of this announcement; and (ii) approximately 3.23% of the issued share capital of the Company of 8,290,306,800 Shares as enlarged by the allotment and issue of the Subscription Shares, 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\$2,680,000.

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\$0.1 million to be borne by the Company under the Subscription) are expected to be HK\$38.86 million and approximately HK\$38.76 million, respectively. The Company intends to use the net proceeds from the Subscription for (i) the development of the electric vehicle business of the Group; and (ii) general working capital of the Group. The net proceeds raised per Subscription Share upon completion of the Subscription will be approximately HK\$0.145 per Subscription Share.

**Completion of the Subscription is subject to the satisfaction of the conditions precedent in the Subscription Agreement. 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.**

On 8 March 2021 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue an aggregate of 268,000,000 Subscription Shares at the Subscription Price of HK\$0.145 per Subscription Share.

## **SUBSCRIPTION AGREEMENT**

### **Date**

8 March 2021 (after trading hours)

### **Parties**

- (a) The Company; and
- (b) Hydra Brokerage DMCC, as subscriber

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

### **Subscription Shares**

The Subscription Shares represent (i) approximately 3.34% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 3.23% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares, 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\$2,680,000 and the market value of the Subscription Shares is HK\$32,696,000 based on the closing price of HK\$0.122 per Share as quoted on the Stock Exchange on the date of signing the Subscription Agreement.

### **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\$0.145 per Subscription Share represents:

- (i) a premium of approximately 18.85% to the closing price of HK\$0.122 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and
- (ii) a premium of approximately 18.85% to the average closing price of approximately HK\$0.122 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Subscription Agreement.

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\$0.1million to be borne by the Company under the Subscription) are expected to be HK\$38.86 million and approximately HK\$38.76 million, respectively. The Company intends to use the net proceeds from the Subscription for (i) the development of the electric vehicle business of the Group; and (ii) general working capital of the Group. The net proceeds raised per Subscription Share upon completion of the Subscription will be approximately HK\$0.145 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 the Subscriber. 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 the Subscription Agreement 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 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 the Subscription Agreement and the transactions contemplated thereunder having been obtained and fulfilled.

In the event that the above conditions are not fulfilled by 5:00 p.m. on 29 March 2021 (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 Agreement shall cease and determine and neither parties shall have any claim against the other, save for any antecedent breaches of the Subscription Agreement.

## **Completion**

Completion of the Subscription will take place on the the fifth (5th) Business Day after the date on which all the conditions precedent to the Subscription have been fulfilled (or such other date as the Company and the Subscriber may agree in writing).

## **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 Agreement 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 SUBSCRIBER**

Hydra Brokerage DMCC is a company incorporated in Dubai, United Arab Emirates and principally invests in proprietary funds in global markets and provides trading opportunities in wide variety of financial instruments to all segments of the global market to investors. It is one of the members of the Dubai Gold & Commodities Exchange and obtained the Commodities Trading License from the Securities and Commodities Authority of the United Arab Emirates. Hydra Brokerage DMCC has various investments in new energy business worldwide.

As at the date of this announcement, the Subscriber 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**

With the measures imposed by various government in response to COVID-19 pandemic began to relax, the first logs of electric vehicles produced by the Company have been delivered to its overseas customers. The Company has received positive feedback from its customers and is expected to receive further purchase orders for its electric vehicles from overseas customers in the near future. The Directors believes that the Company shall continue to explore the overseas market to further develop its electric vehicle business. As such, the Directors are of view that the Group may require additional working capital for development of the electric vehicle business and general working capital of the Group.

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 Agreement (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 are estimated to be HK\$38.86 million and net proceeds from the Subscription (after deducting all related professional fees and other expenses of approximately HK\$0.1 million to be borne by the Company under the Subscription) are expected to be approximately HK\$38.76 million. The Company intends to use the net proceeds from the Subscription for (i) the development of the electric vehicle business of the Group, in particular in overseas; and (ii) general working capital of the Group. The net proceeds raised per Subscription Share upon completion of the Subscription will be approximately HK\$0.145 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 8,022,306,800 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:

| <b>Shareholders</b>                                  | <b>Existing shareholding as at the date of this announcement</b> |                      | <b>Shareholding immediately upon completion of the Subscription</b> |                      |
|--|--|----------------------|---|----------------------|
|  | <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  | 8.98                 | 720,624,959   | 8.69                 |
| Entrust Limited ( <i>Note 2</i> )                    | 982,727,510  | 12.25                | 982,727,510   | 11.85                |
| HK Guoxin Investment Group Limited ( <i>Note 3</i> ) | 740,000,000  | 9.22                 | 740,000,000   | 8.93                 |
| The Subscriber                                       | --   | --                   | 268,000,000   | 3.23                 |
| Other public Shareholders                            | 5,578,954,331  | 69.55                | 5,578,954,331   | 67.30                |
| <b>Total</b>   | <b>8,022,306,800</b>   | <b>100.00</b>        | <b>8,290,306,800</b>  | <b>100.00</b>        |

*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's 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. 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 Agreement 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.**

## **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 9:00 a.m. and 5:00 p.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   |
| “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”                   | Hydra Brokerage DMCC, a company incorporated in Dubai, United Arab Emirates  |
| “Subscription”                 | the subscription for the Subscription Shares by the Subscriber at the Subscription Price pursuant to the terms and conditions of the Subscription Agreement                      |
| “Subscription Agreement”       | the subscription agreement dated 8 March 2021 entered into between Subscriber and the Company for the issue and subscription of 268,000,000 new Shares at the Subscription Price |
| “Subscription Price”           | HK\$0.145 per Subscription Share   |
| “Subscription Share(s)”        | 268,000,000 new Shares to be issued and allotted by the Company pursuant to and in accordance with the terms and conditions of the Subscription Agreement                        |
| “%”                            | per cent   |

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

Hong Kong, 8 March 2021

*As at the date of this announcement, the Board comprise three executive Directors, namely Mr. Cheung Ngan, Ms. Chan Hoi Ying and Mr. Miguel Valdecabres Polop, and three independent non-executive Directors, namely Mr. Chan Francis Ping Kuen, Mr. Hu Guang and Dato’ Tan Yee Boon.*