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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)

VOLUNTARY ANNOUNCEMENT

This announcement is made by China Dynamics (Holdings) Limited (the “Company” together with its subsidiaries, the “Group”) on a voluntary basis for the purpose of keeping shareholders of the Company and potential investors informed of the latest information of the Group.

The board of the directors of the Company (the “**Board**”) hereby informs the shareholders and potential investors of the Company that, on 18 May 2021, the Board received a notice (the “**Court Notice**”) from the Intermediate People's Court of Nanning Municipality, Guangxi Zhuang Autonomous Region (廣西壯族自治區南寧市中級人民法院) dated 13 April 2021 (the “**Court**”). Pursuant to the Court Notice, Guangxi Weiri Mining Company Limited (廣西威日礦業有限責任公司) (“**Guangxi Weiri**”) has commenced legal proceedings (the “**Litigation**”) against Wise Goal Enterprises Limited (宏高企業有限公司), a wholly-owned subsidiary of the Company and the immediate holding company of Guangxi Weiri, and applied to the Court for the equity interest in Guangxi Weiri owned by Wise Global (the “**Guangxi Weiri Equity Interest**”) be judicially preserved (財產保全) (the “**Property Preservation**”) on 12 April 2021. As a result, the Court ruled that the Guangxi Weiri Equity Interest has been frozen for a period of three years commencing from 13 April 2021.

The Board is of the view that the Litigation and Property Preservation are untrue, misleading and invalid due to the following reasons:

1. The Litigation was not authorised by the legal representative of Guangxi Weiri.

According to the relevant regulations of the Civil Procedure Law of the People's Republic of China (中華人民共和國民事訴訟法), litigations shall be filed by the legal representative on behalf of a legal entity. The Company has enquired with Mr. Cheung Ngan, who is the chairman of the Company and the legal representative of Guangxi Weiri, and Mr. Cheung replied to the Company that he has never authorised or entrusted any parties to file the Litigation in the name of Guangxi Weiri and was not aware of the Litigation.

2. The Litigation was not approved by the board of directors of Guangxi Weiri.

As enquired with by the Company, the board of directors of Guangxi Weiri confirmed that it has never discussed, voted or approved any resolutions in connection with the Litigation. As such, the Group was not aware of the Litigation.

3. The company seal and the legal representative seal of Guangxi Weiri were reported lost during the Litigation.

In March 2021, Guangxi Weiri has lost its company seal and the legal representative seal. Set forth below is the sequence of the steps taken by the Group and its management to protect Guangxi Weiri's interests immediately after the loss of the above seals.

<i>Date</i>	<i>Event</i>
21 March 2021	The staff of Guangxi Weiri noticed that the company seal and the legal representative seal were lost and reported to the management on the same day.
23 March 2021	Guangxi Weiri reported the loss of the company seal and the legal representative seal to the local police station which had accepted the case.
25 and 26 March 2021	Guangxi Weiri published a declaration in respect of the lost seals in the newspaper of Guangxi Legal Daily (廣西法制日報) in order to prevent fraudulent use by others and cause legal liability.
23 April 2021	Guangxi Weiri has remade and registered the company seal and the legal representative seal.

Based on the above timeframe and taking into account the application for the Property Preservation that was lodged on 12 April 2021, the Group believes that the Litigation and the Property Preservation were untrue, misleading and invalid.

In order to protect the Company's interest, the management of the Company has been seeking for legal advice in Nanning, Guangxi Zhuang Autonomous Region to actively respond to the Litigation and Property Preservation. In addition, the Group has lodged an application to the Court on 24 May 2021 as to the judicial review of the Litigation and release of the Guangxi Weiri Equity Interest which has been frozen under the Property Preservation based on the reasons stated above.

The Company is awaiting further information from the Court and will closely monitor the case and evaluate its impact to the Group and keep the shareholders and potential investors updated on the subsequent developments of the case. The Board will make further announcements on this matter as and when appropriate.

Shareholders and potential investors of the Company are advised to invest cautiously and to be aware of the investment risks.

For and on behalf of the Board
China Dynamics (Holdings) Limited
Cheung Ngan
Chairman

Hong Kong, 4 June 2021

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