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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares of China Dynamics (Holdings) Limited, you should at once hand this circular and the accompanying proxy form to the purchaser or to the bank or stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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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)**

**PROPOSALS INVOLVING GENERAL MANDATES  
TO ISSUE SHARES AND TO REPURCHASE SHARES,  
PROPOSED RE-ELECTION OF RETIRING DIRECTORS AND  
CONTINUOUS APPOINTMENT OF  
THE INDEPENDENT NON-EXECUTIVE DIRECTOR  
WHO HAVE SERVED FOR MORE THAN NINE YEARS,  
REFRESHMENT OF THE SCHEME MANDATE LIMIT  
UNDER THE SHARE OPTION SCHEME  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the annual general meeting (“AGM”) of China Dynamics (Holdings) Limited (the “Company”) to be held at Boardroom 6, M/F, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Friday, 20 August 2021 at 3:00 p.m. is set out on pages 23 to 27 in this circular. A proxy form for use by the Shareholders at the AGM is enclosed with this circular. If you are not able to attend the AGM in person, you are requested to complete and return the accompanying proxy form in accordance with the instructions printed thereon to the Company’s Hong Kong branch share registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the AGM. Completion and delivery of the proxy form will not preclude you from attending and voting in person at the AGM should you so wish.

22 July 2021

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“2021 Annual Report”	the audited consolidated financial statements and the reports of the Directors and of the auditors of the Company for the year ended 31 March 2021
“AGM”	the annual general meeting of the Company to be convened and held at Boardroom 6, M/F, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Friday, 20 August 2021 at 3:00 p.m.
“Board”	the Company’s board of Directors
“Bye-law(s)”	the bye-law(s) of the Company in force from time to time
“Companies Act”	the Companies Act 1981 of Bermuda as amended from time to time
“Company”	China Dynamics (Holdings) Limited, a company incorporated in Bermuda with limited liability, with its Shares listed on the main board of the Stock Exchange
“Connected Person(s)”	has the meaning as defined in the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“Core Connected Person(s)”	has the meaning as defined in the Listing Rules
“Director(s)”	the director(s) of the Company
“General Issue Mandate”	the proposed general mandate granted to the Directors to exercise all the powers of the Company to allot, issue and otherwise deal with new Shares not exceeding 20% of the issued share capital of the Company as at the date of passing the resolution approving the said mandate
“Group”	the Company and its subsidiaries

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## DEFINITIONS

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“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	16 July 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Option(s)”	the right granted under the Share Option Scheme to subscribe for Shares
“Proposed Scheme Refreshment”	the proposed refreshment of the Scheme Mandate Limit under the Share Option Scheme
“Repurchase Mandate”	the general and unconditional mandate to repurchase Shares in the capital of the Company up to 10% of the total number of Shares of the Company as at the date of passing of the resolution granting such mandate
“Scheme Mandate Limit”	the maximum number of Shares which may be allotted and issued upon the exercise of all Options to be granted under the Share Option Scheme of the Company which initially shall not in aggregate exceed 10% of the Shares in issue as at the date of approval of the Share Option Scheme by the Shareholders and thereafter, if refreshed shall not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit by the Shareholders
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company

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## DEFINITIONS

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“Share Option Scheme”	the share option scheme adopted by the Company on 30 August 2013
“Shareholder(s)”	registered holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs as approved by the Securities Futures Commission
“%”	per cent

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## **PRECAUTIONARY MEASURES FOR THE AGM**

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To safeguard the health and safety of attending Shareholders and proxies and to reduce the risk of COVID-19 spreading, the following precautionary measures will be taken at the AGM:

- (i) compulsory body temperature check;
- (ii) mandatory wearing of surgical face mask;
- (iii) no refreshments will be served, no souvenir, handing out of corporate gifts or gift coupons will be distributed;
- (iv) seats at the AGM venue will be arranged to ensure appropriate social distancing. As a result, there will be limited capacity for attendees. Seats will be limited at the meeting and will be available on a first-come-first-serve basis; and
- (v) no entry will be allowed to any person who is subject to mandatory quarantine order imposed by the Hong Kong Government and any person who does not comply with the precautionary measures may be denied entry into the meeting venue.

**Shareholders are strongly encouraged to appoint the Chairman of the AGM as their proxy to vote according to their indicated voting instructions as an alternative to attending the AGM in person.**

**Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement(s) on such measures as appropriate.**

If Shareholders have any questions relating to the AGM, please contact Tricor Tengis Limited, the Company's Hong Kong branch share registrar, as follows:

Tricor Tengis Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong  
Tel: (852) 2980 1333

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## LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Cheung Ngan (*Chairman*)  
Mr. Miguel Valldecabres Polop (*Chief Executive Officer*)  
Ms. Chan Hoi Ying

*Independent Non-Executive Directors:*

Mr. Chan Francis Ping Kuen  
Mr. Hu Guang  
Dato' Tan Yee Boon

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Head Office and Principal Place  
of Business:*

46th Floor  
China Online Centre  
333 Lockhart Road  
Wanchai  
Hong Kong

22 July 2021

*To the Shareholders*

Dear Sir or Madam,

**PROPOSALS INVOLVING GENERAL MANDATES  
TO ISSUE SHARES AND TO REPURCHASE SHARES,  
PROPOSED RE-ELECTION OF RETIRING DIRECTORS AND  
CONTINUOUS APPOINTMENT OF  
THE INDEPENDENT NON-EXECUTIVE DIRECTOR  
WHO HAVE SERVED FOR MORE THAN NINE YEARS,  
REFRESHMENT OF THE SCHEME MANDATE LIMIT  
UNDER THE SHARE OPTION SCHEME  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to provide you with the information relating to (i) the grant of the General Issue Mandate and the Repurchase Mandate; (ii) the proposed re-election of retiring Directors and continuous appointment of the independent non-executive director who have served for more than nine years; and (iii) the refreshment of the Scheme Mandate Limit under the share option scheme. Your approval of the resolutions relating thereto is therefore sought.

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## **LETTER FROM THE BOARD**

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### **GENERAL ISSUE MANDATE**

At the AGM of the Company held on 31 August 2020, a general mandate was given to the Directors to issue new Shares and such mandate will lapse at the conclusion of the forthcoming AGM. An ordinary resolution no. 4 of the AGM Notice will be proposed at the AGM for the purpose of renewing the existing share issue mandate granted to Directors to allot, issue and otherwise deal with the Shares. The General Issue Mandate is subject to a limit equal to 20% of the total number of shares capital of the Company at the date of passing such resolution, which is estimated to be 1,741,293,360 Shares based on the number of issued Shares of 8,706,466,800 at the Latest Practicable Date.

### **GENERAL MANDATE TO REPURCHASE SHARES**

At the AGM of the Company held on 31 August 2020, a general mandate was given to the Directors to exercise all the powers of the Company to repurchase its own Shares and such mandate will lapse at the conclusion of the forthcoming AGM. An ordinary resolution no. 5 of the AGM Notice will be proposed at the AGM for the purpose of renewing the existing Repurchase Mandate granted to the Directors to repurchase Shares up to a maximum of 10% of the total number of Shares of the Company as at the date of passing such resolution.

An explanatory statement as required under the Listing Rules containing all relevant information relating to the proposed Repurchase Mandate is set out in Appendix I to this circular.

### **GENERAL MANDATE TO EXTEND TO ISSUE SHARES**

Subject to the passing at the AGM of the proposed resolutions regarding the General Issue Mandate and the Repurchase Mandate, an ordinary resolution no. 6 of the AGM Notice will be proposed at the AGM to approve the extension of the 20% General Issue Mandate by adding to the General Issue Mandate the number of shares that may be repurchased under the Repurchase Mandate.

For details of the proposed resolutions, Shareholders are referred to the Notice of Annual General Meeting which is set out on pages 23 to 27 in this circular. With reference to these resolutions, the Board wishes to state that it has no immediate plan to repurchase any Shares or to issue any new Shares pursuant to the relevant mandates.



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## LETTER FROM THE BOARD

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### **PROPOSED RE-ELECTION OF RETIRING DIRECTORS AND CONTINUOUS APPOINTMENT OF THE INDEPENDENT NON-EXECUTIVE DIRECTOR WHO HAVE SERVED FOR MORE THAN NINE YEARS**

Pursuant to the Bye-law 111, Mr. Hu Guang will retire from office of director by rotation at the AGM.

Mr. Hu will not offer himself for re-election due to his personal commitments on his other business, Mr. Hu will retire as an independent non-executive director and a member of audit committee upon conclusion of the AGM. Mr. Hu has confirmed that he has no disagreement with the Board and there are no any matters that need to be brought to the attention of the Shareholders of the Company and Stock Exchange in respect of his retirement. The Board would like to express its sincere gratitude to Mr. Hu for his contributions and service to the Company during his term of office with the Company.

The Nomination Committee of the Company has taken into account the nomination policy and procedures adopted by the Company in making the recommendation to the Board for re-election of Mr. Miguel Valdecabres Polop and Mr. Chan Francis Ping Kuen.

Pursuant to the Bye-laws 115, Mr. Miguel Valdecabres Polop was appointed subsequent to the last annual general meeting, will hold office until the forthcoming Annual General Meeting and, being eligible, will offer himself for re-election at the forthcoming Annual General Meeting.

Pursuant to the Bye-laws 111, Mr. Chan Francis Ping Kuen being the independent non-executive director, shall retire from office by rotation and being eligible, offer themselves for re-election at the forthcoming AGM.

Mr. Chan Francis Ping Kuen has served on the Board for more than nine years. During his years of appointment, he has demonstrated his ability, integrity and experience to provide an independent view to the Company's matters. He has given an annual confirmation of his independence to the Company pursuant to Rule 3.13 of the Listing Rules and has been assessed by the Nomination Committee of the Company to be independent. The Board is of the view that Mr. Chan Francis Ping Kuen is able to continue to fulfill his role as required and the long service of him would not affect his exercise of independent judgement, and, therefore, considers him to be independent and recommends him to be re-elected at the forthcoming AGM.

The biographical details and interests in the shares of the Company of the retiring Directors are provided in the Appendix II to this circular.

Under Resolution no. 2 as set out in the AGM Notice, the re-election of Directors will be individually voted on by Shareholders.

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## LETTER FROM THE BOARD

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### REFRESHMENT OF THE SCHEME MANDATE LIMIT UNDER THE SHARE OPTION SCHEME

#### Proposed Scheme Refreshment

The Share Option Scheme was adopted by the Company on 30 August 2013, 1,384,396,800 Shares were in issue and the maximum number of Shares which may be issued upon exercise of all Options under the Share Option Scheme and other schemes of the Company was therefore 138,439,680 Shares, being 10% of the Shares in issue as at the date of adoption of the Share Option Scheme. The purpose of the Share Option Scheme is to provide incentives and rewards to eligible participants who contribute to the success of the Company. As at the Latest Practicable Date, save for the Share Option Scheme, the Company has not adopted any other share option scheme.

Subsequently, at the annual general meeting on 25 August 2014, 24 August 2015 and 22 August 2016, the Company refreshed the then Scheme Mandate Limit such that the Company would be allowed to grant further Options under the Share Option Scheme and other share option schemes carrying rights to subscribe for a maximum of 287,174,680 Shares, 370,604,680 Shares and 370,604,680 Shares respectively, being 10% of the Shares in issue at the respective dates of the Shareholders' approval. The following table shows the movement of Options since the last refreshment of the existing Scheme Mandate Limit on 22 August 2016:

As at 22 August 2016 (being the date of the existing Scheme Mandate Limit was last refreshed)		Between 22 August 2016 and the Latest Practicable Date			As at the Latest Practicable Date			
Total number of Options outstanding	Scheme Mandate Limit available	Options granted	Options exercised	Options forfeited/lapsed	Total number of Options outstanding	Approximate % to issued share capital of the Company	Scheme Mandate Limit available	Approximate % to issued share capital of the Company
560,400,000	370,604,680	293,000,000	–	(223,300,000)	630,100,000	7.24%	77,604,680	0.89%

From the last refreshment of the Scheme Mandate Limit and up to the Latest Practicable Date, total of 293,000,000 Options have been granted. As at the Latest Practicable Date, an aggregate of 630,100,000 Options remain outstanding and unexercised, representing approximately 7.24% of the total issued share capital of the Company.

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## LETTER FROM THE BOARD

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Details of the outstanding 630,100,000 Options are set out below:

Category of grantees	Date of grant	Number of outstanding Options	Exercise price	Exercise period	Status of the Option
<b>Directors</b>					
Mr. Cheung Ngan	10/03/2016	3,700,000	HK\$0.30	10/03/2016 to 09/03/2026	Vested, subject to exercise
Ms. Chan Hoi Ying	10/03/2016	3,700,000	HK\$0.30	10/03/2016 to 09/03/2026	Vested, subject to exercise
Mr. Chan Francis Ping Kuen	10/03/2016	3,700,000	HK\$0.30	10/03/2016 to 09/03/2026	Vested, subject to exercise
Mr. Hu Guang	10/03/2016	3,700,000	HK\$0.30	10/03/2016 to 09/03/2026	Vested, subject to exercise
Mr. Miguel Valdecabres Polop	25/02/2021	80,000,000	HK\$0.13	25/02/2021 to 24/02/2031	Vested, subject to exercise
<b>Non-directors</b>					
Employees	11/04/2014	49,000,000	HK\$1.15	12/04/2016 to 10/04/2024	Vested, subject to exercise
Employees	10/03/2016	273,300,000	HK\$0.30	10/03/2016 to 09/03/2026	Vested, subject to exercise
Employees	25/02/2021	198,000,000	HK\$0.13	25/02/2021 to 24/02/2031	Vested, subject to exercise
<b>Non-employee person</b>					
Consultant	07/04/2021	15,000,000	HK\$0.142	7/04/2022 to 06/04/2031	Within vesting period
		<u>630,100,000</u>			

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## LETTER FROM THE BOARD

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The Board may, at its discretion, to invite any participant to take up Options to subscribe for Shares in the Company. Participant means any person who is an employee (full time or part time) or a director of an eligible entity, or any adviser, consultant, agent, contractor, customer and supplier of any member of the Group or any eligible entity (the “non-employee persons”). Eligible entity means the Company and any of its subsidiaries (holding over 50% equity interest) and associated company (holding over 20% equity interest). The basis of eligibility of any participant to the grant of any Option shall be determined by the Board from time to time on the basis of the participant’s contribution or potential contribution to the development and growth of the Group.

In determining the eligibility of the employee or director to the grant of Options, the Board considers factors such as experience, responsibility, workload and time devoted to the Group by such employee and director. And in determining the grant of Options to non-employee persons, the Board will consider factors such as (i) their potential and actual contribution to the business affairs of and benefits to the Group; (ii) their advice to the Group with regard to the project they involved; and (iii) their work experience, professional qualifications, knowledge in the industry or other relevant factors which could be valuable to the Group.

The Company granted an 15,000,000 Option to one Consultant, Mr. Michael Perschke, in 7 April 2021 with the exercise price of HK\$0.142. Mr. Michael Perschke is third parties independent of and not connected with the Company and its connected persons. Two consultancy contracts was entered into between Mr. Michael Perschke and the Company. The first contract is for a term of six months from 1 January 2021 to 30 June 2021 with the monthly consultancy fee of USD2,500. The second contract is for a term of 1.5 years from 1 July 2021 to 31 December 2022 with the monthly consultancy fee of USD5,000 and 2.5% commission on the sales completed. The option period for this Option is ten years from 7 April 2021 and can only be exercisable on or after 7 April 2022 upon satisfaction of the relevant vesting conditions. The Consultant major contributions included (i) introducing business opportunities in European market; (ii) assisting the Company in reaching acquisition arrangement in Europe; and (iii) attending and representing other matters in relation to the Company’s business development in Europe. On 30 April 2021, the Company entered into an investment agreement on acquiring 4.98% of Quantron AG, a German company principally engaged in e-mobility in inner-city and regional passenger and freight transport. For further details, please refer to the Company’s announcement published on 30 April 2021. The Company intends to expand the geographical coverage of the electric vehicle business to the European market by (i) enhancing its business network and management experience; and (ii) securing production orders for electric commercial vehicles. As such, the Company considers there is huge potential and expect to explore European market for the electric commercial vehicles.

As at the Latest Practicable Date, the Company does not have any intention to grant any Options to the Group’s employees, directors or non-employee persons in the coming 12 months under the Share Option Scheme.

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## LETTER FROM THE BOARD

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If the Scheme Mandate Limit is refreshed, on the basis of 8,706,466,800 Shares in issue and assuming no Shares are issued or repurchased by the Company, the Company will be allowed to grant further Options under the Share Option Scheme for a maximum of 870,646,680 Shares under the refreshed Scheme Mandate Limit.

In anticipation of the growing need to provide incentives to, and recognize the contribution of, the eligible participants under the Share Option Scheme by way of granting Options. The Board proposes to seek approval of the Shareholders at the AGM to refresh the 10% Scheme Mandate Limit, with a view to adjusting the Scheme Mandate Limit in order to render it accurately corresponding to the latest share capital of the Company, and also allowing more flexibility in granting Options to eligible participants under the Share Option Scheme, considering that the Board would like to grant further Options to eligible participants which may exceed the existing Scheme Mandate Limit. The Directors consider that refreshment of the Scheme Mandate Limit is in the interests of the Company and the Shareholders as a whole.

It is proposed that subject to the approval of the Shareholders at the AGM and such other requirements prescribed under the Listing Rules, the Scheme Mandate Limit will be refreshed so that the total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and all other share option schemes of the Company under the Scheme Mandate Limit as refreshed shall not exceed 10% of the Shares in issue as at the date of approval of the Proposed Scheme Refreshment by the Shareholders at the AGM, and Options previously granted under the Share Option Scheme and/or any other share option scheme(s) of the Company (including without limitation those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme or such other scheme(s) of the Company) will not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed.

Pursuant to the Listing Rules, the Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company at any time will not exceed 30% of the Shares in issue from time to time. No Options shall be granted under any scheme(s) of the Company or any of its subsidiaries if this will result in the 30% limit being exceeded.

Assuming that the refreshment of Scheme Mandate Limit will be approved, the total number of Shares that may be issued upon exercise of all outstanding share options and the share options to be granted under the refreshed limit will be 1,500,746,680, representing approximately 17.2% of the Shares in issue as at the Latest Practicable Date. Therefore, the limit on the number of Shares that may be issued upon all existing outstanding share options and share options to be granted under the Share Option Scheme do not exceed the 30% of Shares in issue as at the Latest Practicable Date.

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## LETTER FROM THE BOARD

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### Conditions of Proposed Scheme Refreshment

As required by the Share Option Scheme and the Listing Rules, the Proposed Scheme Refreshment is conditional upon:

- (a) the Shareholders passing an ordinary resolution to approve the Proposed Scheme Refreshment at the AGM; and
- (b) the Stock Exchange granting the approval of the listing of, and permission to deal in, the new Shares to be issued pursuant to the exercise of any Options that may be granted under the Share Option Scheme under the refreshed Scheme Mandate Limit not exceeding 10% of the number of Shares in issue as at the date of approval by the Shareholders.

### Application for Listing

An application will be made to the Stock Exchange in respect of the approval referred to in (b) under the paragraph headed “Conditions of Proposed Scheme Refreshment” above.

### AGM

A notice convening the AGM is set out on pages 23 to 27 of this circular. If you are unable to attend the AGM in person, you are requested to complete and return the accompanying proxy form in accordance with the instructions printed thereon to the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of this proxy form will not preclude you from attending and voting at the meeting if you so wish.

To the best of the Director’s knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolutions to be proposed at the AGM.

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## LETTER FROM THE BOARD

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### VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting of the Company must be taken by poll. Accordingly, all the resolutions to be considered and, if thought fit, approved at the AGM will be taken by poll.

The results of the poll will be published on the Company's and the Stock Exchange's websites following the AGM.

### RECOMMENDATION

The Directors consider that the proposals for General Issue Mandate, the Repurchase Mandate, the extension of General Issue Mandate, the proposed re-election of retiring Directors and continuous appointment of the independent non-executive director who have served for more than nine years and the Proposed Refreshment of Scheme Mandate Limited are all in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend that all the Shareholders should vote in favour of such resolutions to be proposed at the AGM.

### RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particular given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

### MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text in case of inconsistency.

Yours faithfully  
For and on behalf of the Board  
**Cheung Ngan**  
*Chairman*

*This is an explanatory statement given to all Shareholders relating to the ordinary resolution to be proposed at the AGM authorising the Repurchase Mandate.*

*This explanatory statement contains all the information required pursuant to Rule 10.06(1)(b) of the Listing Rules which is set out as follows:*

## **1. SHARE CAPITAL**

As at the Latest Practicable Date, the issued and fully paid up share capital of the Company comprised 8,706,466,800 Shares and outstanding Options which are exercisable into 630,100,000 Shares. The exercise price for 49,000,000 Options, 288,100,000 Options, 278,000,000 Options and 15,000,000 Option are HK\$1.15 per Share, HK\$0.30 per Share, HK\$0.13 per Share and HK\$0.142 per Share respectively.

Exercised in full of the Repurchase Mandate, if so approved, on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the approval of the Repurchase Mandate generally (not taking into account of exercising the subscription rights attaching to the outstanding Options as at the Latest Practicable Date), the Company would be allowed under the repurchase resolution to repurchase a maximum of 870,646,680 Shares during the period from the date on which such resolution is passed until the date of (i) conclusion of the next AGM of the Company; (ii) the expiration of the period within which the next AGM of the Company is required by the Bye-laws or any applicable laws of Bermuda to be held; or (iii) the revocation, variation or removal of the Repurchase Mandate by an ordinary resolution of the Shareholders in general meeting, whichever occurs first, representing not more than 10% of the issued share capital of the Company as at the Latest Practicable Date.

## **2. REASONS FOR THE REPURCHASE**

Although the Directors have no present intention of repurchasing any Shares, they believe that the flexibility afforded by the repurchase proposal would be beneficial to the Company and Shareholders. Such repurchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value and/or earnings per Share of the Company and will only be made when the Directors believe that such a purchase will benefit the Company and its Shareholders.



**3. FUNDING OF REPURCHASES**

Repurchase of Shares will be funded from the Company's available cash flow or working capital and will, in any event, be made out of funds legally available for such purposes in accordance with the Bye-laws, the Listing Rules and the laws of Bermuda. The Company is empowered by its Bye-laws to repurchase its Shares. The laws of Bermuda provide that the amount of capital repaid in connection with a share repurchase may only be paid out of the capital paid up on the relevant Shares, or from the profits that would otherwise be available for distribution by way of dividend, or from the proceeds of a new issue of shares made for the purpose. The amount of premium payable on redemption may only be paid out of either the profits that would otherwise be available for distribution by way of dividend or out of the Company's share premium account or contributed surplus account.

On the basis of the current financial position of the Group as disclosed in the 2021 Annual Report and taking into account the current working capital position of the Group, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of the Group as compared with the position disclosed in the 2020 Annual Report. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Group or the gearing level which in the opinion of the Directors are from time to time appropriate for the Group.

#### 4. SHARE PRICES

The highest and lowest prices at which the Shares had been traded on the Stock Exchange during each of the previous twelve months prior to the Latest Practicable Date were as follows:

	Price per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
<b>2020</b>		
July	0.059	0.042
August	0.046	0.038
September	0.064	0.040
October	0.092	0.047
November	0.098	0.062
December	0.133	0.087
<b>2021</b>		
January	0.154	0.099
February	0.150	0.108
March	0.162	0.113
April	0.148	0.129
May	0.184	0.130
June	0.185	0.135
July (up to the Latest Practicable Date)	0.160	0.137

Source: <http://www.hkex.com.hk>

#### 5. SHARE REPURCHASE MADE BY THE COMPANY

No repurchase has been made by the Company of its shares (whether on the Stock Exchange or otherwise) in the six months prior to the Latest Practicable Date.

#### 6. UNDERTAKING

The Directors have undertaken to the Stock Exchange that they will exercise the power of the Company to make repurchases of the Shares pursuant to the Repurchase Mandate only in accordance with the Listing Rules, the Bye-laws of the Company and the applicable laws of Bermuda.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates (as defined in the Listing Rules) have any present intention, in the event that the Repurchase Mandate is approved by the Shareholders, to sell any securities to the Company or its Subsidiaries.

No core connected person of the Company has notified the Company that he has a present intention to sell securities to the Company nor has undertaken not to do so, in the event that the Company is authorised to make purchases of Shares upon Repurchase Mandate is approved by the Shareholders.

## 7. TAKEOVERS CODE

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of the increase of the Shareholder's interest, could obtain or consolidate control of the Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date and insofar as the Directors are aware, the following Substantial Shareholder(s) had interests representing 5% or more of the issued share capital of the Company which are discloseable under Section 336 of the SFO:–

Name of Shareholder	Number of shares		Approximate % of existing issued share capital in the Company	Approximate % of issued share capital after the exercise in full of the Repurchase Mandate
	Long Position	Short Position		
Mr. Cheung Ngan ( <i>Note 1</i> )	720,624,959	–	8.28%	9.20%
Entrust Limited ( <i>Note 2</i> )	982,727,510	–	11.29%	12.54%
HK Guoxin Investment Group Limited	740,000,000	–	8.50%	9.44%

*Note:*

1. The Shares of 498,038,559 is held by Mr. Cheung Ngan. The Shares of 222,586,400 is held by Faith Profit Holding Limited. Mr. Cheung Ngan held 100% interest in Faith Profit Holding Limited. Accordingly, Mr. Cheung Ngan is deemed to be interested in the 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, an executive director of the Company, 25% by Mr. Chan Hin Yeung and 16% by Ms. Siu Kwan. 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.

The Directors are not aware of any other consequences which would arise under the Takeovers Code as a result of any repurchase made under the Repurchase Mandate. As at the Latest Practicable Date, so far as is known to the Directors, no shareholder may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code in the event that the Directors exercise the power in full to repurchase shares pursuant to the Repurchase Mandate.

The Directors will exercise the powers conferred by the Repurchase Mandate to repurchase Shares in circumstances, which they deem appropriate for the benefits of the Company and the Shareholders as a whole. However, the Directors have no present intention to exercise the Repurchase Mandate to the extent that the number of Shares in the hands of the public would fall below the prescribed minimum aggregate percentage (under the Listing Rules) of 25% of the entire issued share capital of the Company.

*Stated below are the details of the re-election of retiring Directors as referred to in item 2 of the notice of AGM. The retiring Directors, being eligible, offer themselves for re-election as Directors of the Company at the AGM.*

**MR. MIGUEL VALLDECABRES POLOP, AGED 45, EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER**

Mr. Polop was appointed as an executive Director and Chief Executive Officer (the “CEO”) on 16 October 2020. He has been interested in racing and is an e-mobility enthusiast from a very young age. After completing his degree as Bachelor in Economics at Universidad de Valencia in Spain followed by a Master Degree in Accounting and Management at the University of Southampton in United Kingdom, he worked at Campos Racing, a Spanish motor racing team, as its chief financial officer where he acquired the knowledge about motorsports. He then worked for five years at PwC, in Spain and United Kingdom, as Senior Auditor which gave him the business knowledge to start his first entrepreneurship venture such as Chic-Kles where he led 180 people with a turnover of EUR25 million a year. With his childhood passion in automotive and motorsports, Mr. Polop co-founded and was appointed as board member of Formula E, a single-seater motorsport championship that uses only electric cars, where he created and led fund-raising series and successfully raised over EUR70 million in capital from the main investor’s group. With his entrepreneurial expertise, he decided to make a difference in the field of electro-mobility and took one step further to pioneer QEV Technologies, an engineering company specializing in the field of electro-mobility, which includes design, construction and homologation of electric vehicles, the potential and the use of electric vehicles in the racing world as well as the installation, control and maintenance of electric charging infrastructures. Mr. Polop quickly saw the growth potential of QEV Technologies, and became its chief executive officer with the support from his ever-growing team until 16 October 2020. QEV Technologies soon became the leading company which offers complete electro-mobility solutions in Spain and defined the meaning to the motto: from Race2Road.

Mr. Polop does not have any other relationship with any Directors, senior management, substantial or controlling shareholders of the Company. Mr. Polop did not hold any directorship in any other listed public company in Hong Kong and other places in the last three years. Save as an executive director and the CEO of the Company, Mr. Polop does not hold any other position in other members of the Group.

As at the Latest Practicable Date, Mr. Polop has 80,000,000 number of Share Options of the Company with the exercise price of HK\$0.13 per share. Save as disclosed above, Mr. Polop does not have any other interest in the Shares and other securities of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

Pursuant to the service agreement entered into between the Company and Mr. Polop, the term of appointment of Mr. Polop is three years, provided that either party may terminate the service agreement at any time by giving the other not less than three months written notice. Mr. Polop's appointment is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with Bye-laws. The annual remuneration of Mr. Polop shall be EUR195,000 and he 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. The total remuneration of Mr. Polop for the year ended 31 March 2021 is EUR89,375 and there is no bonus payment payable to Mr. Polop.

Save as disclosed above, there are no other matters concerning Mr. Polop that need to be brought to the attention of the Shareholders or any information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

**MR. CHAN FRANCIS PING KUEN, AGED 62, INDEPENDENT NON-EXECUTIVE  
DIRECTOR**

Mr. Chan was appointed as an independent non-executive director and audit committee member of the Company on 24 September 2004, as a remuneration committee member on 14 October 2005 and as a nomination committee member on 28 March 2012. Mr. Chan holds a Bachelor's Degree in Economics from the University of Sydney in Australia. He is a member of Chartered Accountants Australia and New Zealand and the Hong Kong Institute of Certified Public Accountants. Mr. Chan has over 30 years of experience in auditing, accounting and financial management and previously worked for an international accounting firm and a number of companies listed in Hong Kong and the United States. Mr. Chan is currently an executive director of Carrianna Group Holdings Company Limited, the shares of which are listed on the Main Board of the Stock Exchange.

Mr. Chan does not have any other relationship with any Directors, senior management, substantial or controlling shareholders of the Company. Save for the above, Mr. Chan did not hold any directorship in any other listed public company in Hong Kong and other places currently and in the last three years. Save as an independent non-executive director and a member of audit committee, remuneration committee and nomination committee of the Company, Mr. Chan does not hold any other position in other members of the Group.

As at the Latest Practicable Date, Mr. Chan has 3,700,000 number of Share Options of the Company with the exercise price of HK\$0.30 per share. Save as disclosed above, Mr. Chan does not have any other interest in the Shares and other securities of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

A service contract was entered into between Mr. Chan and the Company for a term of two years commencing from 1 July 2021. He is subject to retirement by rotation and re-election at annual general meeting of the Company in accordance with the Bye-laws. The total emoluments of Mr. Chan for the year ended 31 March 2021 is HK\$100,000 which is determined by the Board from time to time with reference to the Company's standard scale of emoluments for independent non-executive directors. There is no bonus payment payable to Mr. Chan. It is anticipated that the same emoluments will be paid to Mr. Chan in the year 2022 by reference to the Company's scale of emoluments for independent non-executive directors.

Mr. Chan has served on the Board for more than nine years and does not have any executive or management role in the Company and its subsidiaries. Mr. Chan has made considerable contributions to the Company with his relevant experience and knowledge throughout his years of service and he has maintained an independent view in relation to the Company's affairs. He has diversified financial experience and brings a wide range of experience and insights to the Group. He has given an annual confirmation of his independence to the Company pursuant to Rule 3.13 of the Listing Rules, and has been assessed by the Nomination Committee of the Company to be independent. The Board considers that he does not have any management role in the Group nor any relationship with any Director, senior management, substantial or controlling shareholder of the Group, so that the long service of Mr. Chan would not affect his exercise of independent judgement, and, therefore, considers him to be independent and recommends him to be re-elected at the forthcoming AGM.

Save as disclosed above, there are no other matters concerning Mr. Chan that need to be brought to the attention of the Shareholders or any information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.



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## NOTICE OF ANNUAL GENERAL MEETING

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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)**

**NOTICE IS HEREBY GIVEN** that the annual general meeting of China Dynamics (Holdings) Limited (the “Company”) will be held at Boardroom 6, M/F, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Friday, 20 August 2021 at 3:00 p.m. for the following purposes:

1. To receive and consider the audited consolidated financial statements and the reports of the directors and auditors for the year ended 31 March 2021;
2. (i) To re-elect the following directors:
  - (a) Mr. Miguel Valdecabres Polop; and
  - (b) Mr. Chan Francis Ping Kuen.
- (ii) To authorize the board of directors to fix the remuneration of the directors.
3. To re-appoint the auditors and to authorize the board of directors to fix their remuneration; and

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## NOTICE OF ANNUAL GENERAL MEETING

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to consider and, if thought fit, pass the following resolutions of the Company:

### ORDINARY RESOLUTIONS

4. **“THAT**

- (i) subject to sub-paragraph (iii) of this resolution, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as defined below) of all the powers of the Company to issue, allot and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (ii) the approval in (i) above shall authorize the Directors during the Relevant Period (as defined below) to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such power after the end of the Relevant Period;
- (iii) the total number of Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval contained in sub-paragraph (i) of this Resolution, otherwise than pursuant to (a) a Rights Issue (as defined below); (b) an issue of shares as scrip dividends pursuant to the Bye-laws of the Company from time to time; or (c) an issue of shares under any share option scheme or similar arrangement for the time being adopted for the grant or issue to employees of the Company and/or any of its subsidiaries or associates, shall not exceed 20% of the issued share capital of the Company on the date of this Resolution and this approval shall be limited accordingly; and
- (iv) for the purposes of this resolution:

“Relevant Period” means the period from the date of the passing of this resolution until the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required, by the Bye-laws of the Company or any applicable laws, to be held; and

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## NOTICE OF ANNUAL GENERAL MEETING

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- (c) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognized regulatory body or any stock exchange in any territory outside Hong Kong).”

5. **“THAT**

- (i) subject to paragraph (ii) below, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to repurchase issued shares in the capital of the Company subject to and in accordance with all applicable laws and the Bye-laws of the Company, be and is hereby generally and unconditionally approved;
- (ii) the total number of Shares which the Company is authorized to repurchase pursuant to the approval in paragraph (i) above shall not exceed 10% of the total number of Shares of the Company in issue on the date of this resolution and the said approval shall be limited accordingly; and
- (iii) for the purposes of this resolution:

“Relevant Period” means the period from the date of the passing of this resolution until the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required, by the Bye-laws of the Company or any applicable laws, to be held; and
- (c) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

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## NOTICE OF ANNUAL GENERAL MEETING

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6. “**THAT** conditional upon the passing of the Resolutions numbered 4 and 5 as set out in this notice of annual general meeting of the Company being passed the general mandate granted to the Directors to exercise the powers of the Company to allot, issue or otherwise deal with the shares pursuant to Resolution numbered 4 above be and is hereby extended by the addition to the total number of Shares of the Company which may be allotted by the Directors pursuant to such general mandate, of an amount representing the total number of Shares of the Company which are repurchased by the Company under the authority granted to the Directors pursuant to Resolution numbered 5 above, provided that such amount shall not exceed 10% of the total number of Shares of the Company in issue at the date of passing of this Resolution.”
7. “**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting approval of the listing of, and permission to deal in, any ordinary Shares to be issued pursuant to the exercise of options which may be granted under the Refreshed Scheme Mandate Limit (as defined below), the refreshment of the limit in respect of the granting of share options under the share option scheme adopted by the Company on 30 August 2013 (the “Scheme”), up to a new 10% limit (the “Refreshed Scheme Mandate Limit”) be approved provided that (i) the total number of Shares which may be issued upon exercise of options to be granted under the Scheme on or after the date of the passing of this resolution (the “Refreshed Date”), together with all options to be granted under any other share option scheme(s) of the Company on or after the Refreshed Date, must not exceed 10% of the number of Shares in issue as at the Refreshed Date; and (ii) options granted prior to the Refreshed Date under the Scheme or any other share option scheme(s) of the Company (including without limitation those outstanding, cancelled, lapsed or exercised in accordance with the Scheme or such other scheme(s) of the Company) shall not be counted for the purpose of calculating the Refreshed Scheme Mandate Limit and any Director be and is hereby authorized to do such act and execute such document to effect the Refreshed Scheme Mandate Limit.”

By Order of the Board  
**Cheung Ngan**  
*Chairman*

Hong Kong, 22 July 2021

*Notes:*

- (i) Any Shareholder entitled to attend and vote at the meeting convened by the above notice is entitled to appoint a proxy in respect of the whole or any part of his holding of shares to attend and vote in his stead. A proxy need not be a shareholder of the Company.

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## NOTICE OF ANNUAL GENERAL MEETING

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- (ii) In order to be valid, a proxy form, together with any power of attorney or other authority, if any, under which it is signed or a notorially certified copy of that power of attorney or other authority, must be deposited at the Company's Hong Kong branch share registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours prior to the meeting.
- (iii) The register of Shareholders of the Company will be closed from Tuesday, 17 August 2021 to Friday, 20 August 2021, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending this AGM, all duly completed and signed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. (Hong Kong time) on Monday, 16 August 2021.
- (iv) To safeguard the health and safety of attending shareholders and proxies and to reduce the risk of COVID-19 spreading, the following precautionary measures will be taken at the AGM:
  - (i) compulsory body temperature check;
  - (ii) mandatory wearing of surgical face mask;
  - (iii) no refreshments will be served, no souvenir, handing out of corporate gifts or gift coupons will be distributed;
  - (iv) seats at the AGM venue will be arranged to ensure appropriate social distancing. As a result, there will be limited capacity for attendees. Seats will be limited at the meeting and will be available on a first-come-first-serve basis; and
  - (v) no entry will be allowed to any person who is subject to mandatory quarantine order imposed by the Hong Kong Government and any person who does not comply with the precautionary measures may be denied entry into the meeting venue.

**Shareholders are strongly encouraged to appoint the Chairman of the AGM as their proxy to vote according to their indicated voting instructions as an alternative to attending the AGM in person.**

**Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement(s) on such measures as appropriate.**

If Shareholders have any questions relating to the AGM, please contact Tricor Tengis Limited, the Company's Hong Kong branch share registrar, as follows:

Tricor Tengis Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong  
Tel: (852) 2980 1333

- (v) As at the date hereof, 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.