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CHINA DYNAMICS (HOLDINGS) LIMITED

中國動力（控股）有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 476)

SUBSCRIPTION FOR NEW SHARES UNDER GENERAL MANDATE

THE SUBSCRIPTION

On 18 June 2014 (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 issue an aggregate of 96,000,000 Subscription Shares at a price of HK\$0.92 per Subscription Share.

The Subscription Price represents (i) a discount of approximately 6.12% to the closing price of HK\$0.98 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of approximately 11.54% to the average closing price of approximately HK\$1.04 per Share as quoted on Stock Exchange for the last five trading days immediately prior to the date of the Subscription Agreement; and (iii) a discount of approximately 11.11% to the average closing price of approximately HK\$1.035 per Share as quoted on Stock Exchange for the last ten trading days immediately prior to the Subscription Agreement.

The Subscription Shares of 96,000,000 represent approximately 3.55% of the existing issued share capital of the Company as at the date of this announcement and approximately 3.43% of the issued share capital of the Company as enlarged by the Subscription Shares. The Subscription Shares will be issued under the General Mandate.

Completion of the Subscription is conditional upon, among other things, the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares.

The gross proceeds from the Subscription are estimated to be approximately HK\$88.32 million and the net proceeds are estimated to be approximately HK\$88.20 million. The Company intends to apply the net proceeds from the Subscription as general working capital for the glauberite mine development in Guangxi, the development of electric vehicles and future potential investments of the Group.

Introduction

On 18 June 2014 (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 issue an aggregate of 96,000,000 Subscription Shares at a price of HK\$0.92 per Subscription Share.

SUBSCRIPTION AGREEMENT

The Subscription Agreement

Date

18 June 2014

Parties

- (a) The Company
- (b) Taiping Trustees Limited

To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, the Subscriber is a company ultimately controlled by China Taiping Insurance Group Limited ("China Taiping"). China Taiping is a PRC state-owned financial and insurance group, and is currently the longest standing national brand in the PRC's insurance industry. Its business covers life insurance, general insurance, pension plans, reinsurance, securities

brokerage, asset management and non-financial investment, and its operations has presence in many countries and regions including the PRC, Hong Kong, Macau, Europe, Oceania, East Asia and Southeast Asia. The Subscriber and its beneficial owner(s) are Independent Third Parties of the Company. As at the date of this announcement, the Subscriber held 12,000,000 number of Shares of the Company.

Subscription Shares

The Subscription Shares in an aggregate of 96,000,000 new Shares represent approximately 3.55% of the existing issued share capital of the Company as at the date of this announcement and approximately 3.43% of the issued share capital of the Company as enlarged by the Subscription Shares. The aggregate nominal value of the Subscription Shares is HK\$960,000.

Ranking of Subscription Shares

The Subscription Shares, when issued and fully paid, will rank pari passu among themselves and with Shares in issue on the date of issue and allotment of the Subscription Shares.

Subscription Price

The Subscription Price is HK\$0.92 per Subscription Share, which represents:

- (i) a discount of approximately 6.12% to the closing price of HK\$0.98 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 11.54% to the average closing price of approximately HK\$1.04 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the date of the Subscription Agreement; and
- (iii) a discount of approximately 11.11% to the average closing price of approximately HK\$1.035 per Share as quoted on the Stock Exchange for the last ten trading days immediately prior to the Subscription Agreement.

The aggregate Subscription Price of approximately HK\$88.32 million shall be payable in cash by the Subscriber upon completion of the Subscription Agreement.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the recent market price of the Shares. The Board considers that the Subscription Price and the terms of the Subscription Agreement are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Condition of the Subscription

Completion of the Subscription is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares.

In the event that the above condition is not fulfilled on or before 30 June 2014 (or such other day as the Company and the Subscriber may agree), the rights and obligations of the Subscriber and the Company in respect of the Subscription shall forthwith terminate and cease to have any effect.

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.

Completion of the Subscription

Completion of the Subscription shall take place within five Business Days after fulfillment of the above condition (or such other date as the Company and the Subscribers may agree).

General Mandate to issue the Subscription Shares

The Subscription Shares will be issued under the General Mandate granted to the Directors pursuant to a resolution passed by the Shareholders at the special general meeting of the Company held on 5 May 2014. Under the General Mandate, the Company is authorized to allot and otherwise deal with new Shares of up to 20% of the issued share capital of the Company as at the date of the aforesaid special general meeting, which amounts to 541,149,360 new Shares. As at the date of this announcement, the Company has not allotted and issued any Shares under the General Mandate.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Company is an investment holding company. The principal activities of the subsidiaries of the Company consist of investment holding, trading of metals and mineral and processing of raw ores.

The Board considers that the Subscription will further strengthen the capital base and financial position of the Company for the Group's future business developments. The gross proceeds from the Subscription are estimated to be approximately HK\$88.32 million and the net proceeds are estimated to be approximately HK\$88.20 million (representing a net Subscription Price of approximately HK\$0.919 per Subscription Share). The Company intends to apply the net proceeds from the Subscription as general working capital for the glauberite mine development in Guangxi, the development of electric vehicles and future potential investments of the Group.

The Board is of the view that the Subscription Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Subscriber and that the terms of the Subscription Agreement are fair and reasonable and the Subscription is in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has conducted the following fund raising activities in the past twelve months from the date of this announcement:

Date of announcement	Fund raising activities	Net proceeds	Intended use of proceeds as announced	Actual use of proceeds
4 March 2014, 17 March 2014 and 7 April 2014	Share placing of 450,000,000 Shares, on a best effort basis, under specific mandate, at the final placing price of HK\$0.83 per placing share	Approximately HK\$362,060,000	As to (i) approximately HK\$200,000,000 for the projects relating to development of electric vehicles as disclosed in the circular of the Company dated 17 March 2014; (ii) approximately HK\$55,000,000 for the possible acquisition for interest in a target company as disclosed in the announcement of the Company dated 10 March 2014; and (iii) the remaining balance for the glauberite mine project, the future potential investments of the Group, if any, and working capital of the Group as disclosed in the circular of the Company dated 11 October 2013	Not yet utilised

Date of announcement	Fund raising activities	Net proceeds	Intended use of proceeds as announced	Actual use of proceeds
29 March 2012, 14 February 2014 and 24 February 2014	Share placing of 333,300,000 Shares, on a fully underwritten basis, under specific mandate, at the placing price of HK\$0.6 per placing share.	Approximately HK\$193,600,000	For financing the operations of the Target Group under the Acquisition, as respectively defined in the circular of the Company dated 11 October 2013	Not yet utilised
29 January 2014 and 12 February 2014	Share placing of 89,000,000 Shares on a best effort basis, under general mandate, at the placing price of HK\$0.6 per placing share	Approximately HK\$51,600,000	For the general working capital purpose and future potential investments of the Group	Not yet utilised
26 November 2013 and 23 December 2013	Share placing of 51,050,000 Shares, on a best effort basis, under the general mandate, at the placing price of HK\$0.6 per placing share	Approximately HK\$29,600,000	For general working capital purpose and future potential investments of the Group	Used as intended
5 November 2013 and 15 November 2013	Share placing of 132,000,000 Shares, on a fully underwritten basis, under the general mandate, at the placing price of HK\$0.6 per placing share	Approximately HK\$76,700,000	For general working capital purpose and future potential investments of the Group	Used as intended

Save as disclosed above, the Company has not conducted any capital raising activities in the past twelve months immediately before the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Subscription are set out below:

	As at the date of this announcement		Immediately after completion of the Subscription (Note 4)	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Mr. Cheung Ngan (Note 1)	311,232,469	11.50	311,232,469	11.11
Sino PowerHouse Corporation (Note 2)	84,000,000	3.10	84,000,000	3.00
The Subscriber (Note 3)	12,000,000	0.44	108,000,000	3.85
Other public Shareholders	2,298,514,331	84.96	2,298,514,331	82.04
Total	<u>2,705,746,800</u>	<u>100.00</u>	<u>2,801,746,800</u>	<u>100.00</u>

Notes:

1. Mr. Cheung Ngan is the chairman and executive director of the Company.
2. The 84,000,000 shares represent beneficial interest of Sino PowerHouse Corporation, which is owned as to 51% by Mr. Cheung Ngan and as to 49% by Mr. Chan Chung Chun, Arnold. Mr. Chan Chung Chun, Arnold is an executive director of the Company.
3. To the best of the Directors' knowledge, the Subscriber held 12,000,000 Shares as at the date of the announcement.
4. Assuming there is no change in the existing shareholding of the Company except for the issue of the Subscription Shares

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions having the following meanings:

“Board”	the board of Directors
“Business Day(s)”	means a day (excluding Saturday and Sunday) on which banks are open for general business in Hong Kong
“Company”	China Dynamics (Holdings) Limited, a company incorporated in Bermuda with limited liability whose issued Shares are listed on the main board of the Stock Exchange
“Completion”	the completion of the Subscription Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate to allot, issue and deal with a maximum of 541,149,360 new Shares granted by the Shareholders to the Directors at the special general meeting of the Company held on 5 May 2014

“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) and its(their) ultimate beneficial owner(s), if applicable, which is(are) independent of the Company and its connected persons
“Last Trading Day”	18 June 2014, being the last full trading day for the Shares prior to the issue of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Subscription”	the subscription for the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Taiping Trustees Limited
“Subscription Agreement”	the subscription agreement dated 18 June 2014 entered into between the Subscriber and the Company in relation to the Share Subscription
“Subscription Price”	HK\$0.92 per Subscription Share

“Subscription Share(s)”	96,000,000 new Share(s) to be issued under the Subscription Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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

Hong Kong, 18 June 2014

As at the date of this announcement, the Board comprises two executive Directors, namely Messrs. Cheung Ngan and Chan Chung Chun, Arnold, one non-executive Director, namely Mr. Li Shaofeng and three independent non-executive Directors, namely Messrs. Chan Francis Ping Kuen, Hu Guang and Chan Chak Paul.