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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 FOR GENERAL MANDATES  
TO ISSUE NEW SHARES AND TO REPURCHASE SHARES,  
RE-ELECTION OF DIRECTORS,  
REFRESHMENT OF THE SCHEME MANADATE 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 Plaza 1-2, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Monday, 25 August 2014 at 11:00 a.m. is set out on pages 19 to 23 in this circular. A form of proxy 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 form of proxy in accordance with the instructions printed thereon to the Company’s principal place of business in Hong Kong at 37th Floor, China Online Centre, 333 Lockhart Road, Wanchai, 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 form of proxy will not preclude you from attending and voting in person at the AGM should you so wish.

24 July 2014

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## DEFINITIONS

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

“2014 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 2014
“AGM”	the annual general meeting of the Company to be convened and held at Plaza 1-2, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai on Monday, 25 August 2014 at 11:00 a.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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“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	21 July 2014, 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 in accordance with the Share Option Scheme
“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 aggregate nominal amount of the issued and fully paid share capital 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 and other such schemes 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 Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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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. Chan Chung Chun, Arnold (*Deputy Chairman*)

*Non-Executive Director:*

Mr. Li Shaofeng

*Independent Non-Executive Directors:*

Mr. Chan Francis Ping Kuen

Mr. Hu Guang

Mr. Chan Chak Paul

*Registered Office:*

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Head Office and Principal Place  
of Business:*

37th Floor

China Online Centre

333 Lockhart Road

Wanchai

Hong Kong

24 July 2014

*To the Shareholders*

Dear Sir or Madam,

**PROPOSALS FOR GENERAL MANDATES  
TO ISSUE NEW SHARES AND TO REPURCHASE SHARES,  
RE-ELECTION OF DIRECTORS,  
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 re-election of Directors; 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 special general meeting of the Company held on 5 May 2014, 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 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 aggregate nominal amount of the issued capital of the Company at the date of passing such resolution, which is estimated to be 560,349,360 Shares based on the number of issued Shares of 2,801,746,800 at the Latest Practicable Date.

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

At the annual general meeting of the Company held on 30 August 2013, 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 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 aggregate nominal amount of the issued and fully paid up share capital of the Company as at the date of passing such resolution. An explanatory statement 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 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 19 to 23 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.

### **RE-ELECTION OF DIRECTORS**

Pursuant to the Bye-laws 111, Mr. Cheung Ngan, Mr. Chan Chung Chun, Arnold and Mr. Chan Chak Paul, being Directors, shall retire by rotation and being eligible, offer themselves for re-election at the forthcoming AGM.

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## LETTER FROM THE BOARD

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Mr. Chan Chak Paul, is an independent non-executive Directors and is eligible for re-election at the forthcoming AGM, has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that Mr. Chan Chak Paul meets the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

Mr. Chan has served on the Board for more than nine years. During his years of appointment, Mr. Chan 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. The Board is of the view that Mr. Chan is able to continue to fulfill his role as required and 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.

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 2 as set out in the AGM Notice, the re-election of Directors will be individually voted on by Shareholders.

### 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 following table shows the movement of Options since 30 August 2013.

As at 30 August 2013		Between 30 August 2013 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 lapsed	Total number of Options outstanding	Scheme Mandate Limit available	Approximate % to issued share capital of the Company
103,400,000	138,439,680	100,000,000	(1,000,000)	–	202,400,000	38,439,680	1.37%



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## LETTER FROM THE BOARD

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As at the latest Practicable Date, an aggregate of 202,400,000 Options remain outstanding and unexercised, representing approximately 7.22% of the total issued share capital of the Company. Out of the outstanding 202,400,000 Options, exercise price for 100,000,000 Options, 64,400,000 Options, 33,000,000 Options and 5,000,000 Options are HK\$1.15 per Share, HK\$0.46 per Share, HK\$0.86 per Share and HK\$2.95 per Share respectively.

If the Scheme Mandate Limit is refreshed, on the basis of 2,801,746,800 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 280,174,680 Shares under the refreshed Scheme Mandate Limit.

The Directors consider that it is in the interests of the Company to refresh the Scheme Mandate Limit to permit the grant of further Options under the Share Option Scheme so as to provide incentives to, and recognise the contributions of, the Group's employees and other selected eligible participants under the Share Option Scheme.

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.

### **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

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## LETTER FROM THE BOARD

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- (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 19 to 23 of this circular. If you are unable to attend the AGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company’s principal place of business in Hong Kong located at 37th Floor, China Online Centre, 333 Lockhart Road, Wanchai, 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.

### **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 Annual General Meeting 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.

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## LETTER FROM THE BOARD

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### RECOMMENDATION

The Directors consider that the proposals for General Issue Mandate, the Repurchase Mandate, the extension of General Issue Mandate, the re-election of Directors and the Proposed Scheme Refreshment 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 2,801,746,800 Shares and outstanding Options which are exercisable into 202,400,000 Shares. The exercise price for 100,000,000 Options, 64,400,000 Options, 33,000,000 Options and 5,000,000 Options are HK\$1.15 per Share, HK\$0.46 per Share, HK\$0.86 per Share and HK\$2.95 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 280,174,680 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 facilities, 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 purchase 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 2014 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 2014 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>2013</b>		
July	0.510	0.465
August	0.520	0.420
September	0.480	0.450
October	0.760	0.470
November	0.700	0.580
December	0.700	0.500
<b>2014</b>		
January	0.720	0.480
February	0.930	0.640
March	1.350	0.830
April	1.330	0.780
May	1.160	0.820
June	1.100	0.940
July (up to the Latest Practicable Date)	1.070	0.900

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

**5. UNDERTAKING**

The Directors have undertaken to the Stock Exchange that they will exercise the power of the Company to make purchases 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.

## 6. TAKEOVERS CODE

If as a result of a repurchase of Shares, 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 Shareholder(s) had interests representing 5% or more of the issued share capital of the Company which are discloseable under Part XV of the SFO:—

Name of Shareholder	Capacity/Nature of Interest	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	Personal	311,232,469	–	11.11%	12.34%
Sino PowerHouse Corporation	Beneficial owner	84,000,000	–	3.00%	3.33%
		<u>395,232,469</u>	<u>–</u>	<u>14.11%</u>	<u>15.67%</u>

The Directors are not aware of any consequences which may 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%.

**7. SHARE PURCHASE MADE BY THE COMPANY**

No purchase 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.



*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. CHEUNG NGAN, AGED 57, CHAIRMAN AND EXECUTIVE DIRECTOR**

Mr. Cheung was appointed as an executive director on 6 March 1998, as chairman on 23 June 1998, as a remuneration committee member on 14 October 2005 and as a nomination committee member on 28 March 2012. He is responsible for the development of corporate strategies, corporate planning, marketing and management functions of the Group. He has over 29 years' working experience in corporate management and investments in the People's Republic of China.

Mr. Cheung does not have any relationship with any other Directors, senior management, substantial or controlling shareholders of the Company. Mr. Cheung did not hold any directorship in any other listed public company in Hong Kong and other places in the last three years. Save as chairman, executive director, member of remuneration committee and nomination committee, Mr. Cheung is also a director of all the Group's major subsidiaries.

As at the Latest Practicable Date, Mr. Cheung has an interest in 3,112,432,469 Shares and underlying Shares representing approximately 111.09% of the issued share capital of the Company. The 3,112,432,469 Shares and underlying Shares represents:

- a. personal interest in 311,232,469 Shares of the Company;
- b. the underlying shares of 1,200,000 from the share options granted with exercise price of HK\$0.46 per Share; and
- c. the Shares of 84,000,000 and underlying shares of 2,716,000,000 from the conversion of convertible notes with principal amount of HK\$2,037,000,000 held by Sino PowerHouse Corporation, which was beneficially owned as to 51% by Mr. Cheung.

Mr. Cheung also has 7.366% indirect interests in Tong Guan La Plata Company Limited, in which the Company owns 60% indirect interest as at the Latest Practicable Date, and its wholly-owned subsidiaries. Save for the above, Mr. Cheung does not have any other interests in the shares and other securities of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

There is no service contract between the Company and Mr. Cheung and Mr. Cheung is not appointed for a specific term. He is subject to retirement by rotation and re-election at annual general meeting in accordance with the Company's Bye-laws. Mr. Cheung's total remuneration, for the year ended 31 March 2014 is HK\$1,074,000, is determined by the Board of Directors by reference to the Company's performance and profitability as well as remuneration benchmark in the industry and the prevailing market conditions.

Save as disclosed above, there are no other matters concerning Mr. Cheung 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 CHUNG CHUN, ARNOLD, AGED 54, DEPUTY CHAIRMAN AND EXECUTIVE DIRECTOR**

Mr. Chan joined the Group in April 1995 and is responsible for general corporate investment and financial advisory functions of the Group. He has extensive working experience in accountancy as well as in the commercial fields. Mr. Chan is an independent non-executive director of Shougang Concord Century Holdings Limited (Stock Code: 103) since 2007 and Shougang Fushan Resources Group Limited (Stock Code: 639) since July 2012, all the shares of which are listed on the main board of the Stock Exchange. He is also an independent non-executive director of Global Digital Creations Holdings Limited (Stock Code: 8271) since June 2012, the shares of which are listed on the Growth Enterprise Market of the Stock Exchange.

Mr. Chan does not have any relationship with any other 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 in the last three years. Mr. Chan is a director of all the Group's major subsidiaries.

As at the Latest Practicable Date, Mr. Chan has an interest in 2,812,000,000 Shares and underlying Shares representing approximately 100.37% of the issued share capital of the Company. The 2,812,000,000 Shares and underlying Shares represents:

- a. the underlying shares of 12,000,000 from the share options granted with exercise price of HK\$0.46 per Share; and
- b. the Shares of 84,000,000 and underlying shares of 2,716,000,000 from the conversion of convertible notes with principal amount of HK\$2,037,000,000 held by Sino PowerHouse Corporation, which was beneficially owned as to 49% by Mr. Chan.

Mr. Chan also has 7.23% indirect interests in Tong Guan La Plata Company Limited, in which the Company owns 60% indirect interests as at the Latest Practicable Date, and its wholly-owned subsidiaries. Save for the above, Mr. Chan does not have any other interests in the Shares and other securities of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

There is no service contract between the Company and Mr. Chan and Mr. Chan is not appointed for a specific term. He is subject to retirement by rotation and re-election at annual general meeting in accordance with the Company's Bye-laws. Mr. Chan's annual remuneration, currently being HK\$366,000, is determined by the Board of Directors by reference to the Company's performance and profitability as well as remuneration benchmark in the industry and the prevailing market conditions.

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.

**MR. CHAN CHAK PAUL, AGED 53, INDEPENDENT NON-EXECUTIVE DIRECTOR**

Mr. Chan was appointed as an independent non-executive director and audit committee member of the Company with effect from 28 February 2005, as a remuneration committee member of the Company with effect from 14 October 2005 and as a nomination committee member on 28 March 2012. Mr. Chan has extensive experience in trading industries and investment in the People's Republic of China. Mr. Chan used to hold several senior management positions in both foreign and local companies and is also an executive director of Earnest Investments Holdings Limited (Stock Code: 339), the shares of which are listed on the main board of the Stock Exchange.

Mr. Chan does not have any relationship with any other 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 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 had no personal 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 2013. However, he is still subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Bye-laws. The total emoluments of Mr. Chan for the year ended 31 March 2014 is HK\$100,000 which is determined by the Board by 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 2015 by reference to the Company's standard scale of emoluments for independent non-executive directors.

Mr. Chan has served on the Board for more than nine years. During his years of appointment, Mr. Chan 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. The Board is of the view that Mr. Chan is able to continue to fulfill his role as required and 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 Plaza 1-2, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Monday, 25 August 2014 at 11:00 a.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 2014;
2. (i) To re-elect the following directors:
  - (a) Mr. Cheung Ngan;
  - (b) Mr. Chan Chung Chun, Arnold; and
  - (c) Mr. Chan Chak Paul.
- (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 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 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 to make or grant offers, agreements and options which would or might require the exercise of such power after the end of the Relevant Period;
- (iii) the aggregate nominal amount of share capital 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 nominal amount 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 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 aggregate nominal amount of the share capital which the Company is authorized to repurchase pursuant to the approval in paragraph (i) above shall not exceed 10% of the aggregate nominal amount of the share capital 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 dated 25 August 2014 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 aggregate nominal amount of the share capital of the Company which may be allotted by the Directors pursuant to such general mandate, of an amount representing the aggregate nominal amount of the share capital 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 aggregate nominal amount of the share capital 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, 24 July 2014



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## NOTICE OF ANNUAL GENERAL MEETING

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*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Head Office and Principal Place  
of Business:*

37th Floor  
China Online Centre  
333 Lockhart Road  
Wanchai  
Hong Kong

*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.
- (ii) In order to be valid, the form of proxy, together with any power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or other authority, must be deposited at the principal place of business of the Company located at 37th Floor, China Online Centre, 333 Lockhart Road, Wanchai, Hong Kong, not less than 48 hours prior to the meeting.
- (iii) The register of Shareholders of the Company will be closed from Thursday, 21 August 2014 to Monday, 25 August 2014, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending this annual general meeting, all duly completed and signed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Branch Registrars in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 20 August 2014.