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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 about this circular or as to what action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **China Dynamics (Holdings) Limited**, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer 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)**

### **PROPOSED GENERAL MANDATE REFRESHMENT AND NOTICE OF SPECIAL GENERAL MEETING**

**Financial Adviser to the Company**



**Independent Financial Adviser to**

**the Independent Board Committee and the Independent Shareholders**

**Nuada Limited**

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A letter from the Board is set out on pages 4 to 11 of this circular. A letter from the Independent Board Committee is set out on pages 12 and 13 of this circular. A letter from Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 14 to 26 of this circular. A notice convening the SGM to be held at Boardroom 3-4, M/F, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong at 11:00 a.m. on 20 January 2017 is set out on pages 27 to 29 of this circular.

Whether or not you are able to attend the SGM, you are requested to complete and return the accompanying Form of Proxy in accordance with the instructions printed thereon and deposit the same as soon as possible and in any event not later than 48 hours before the time of the meeting or any adjournment thereof to the Company's Hong Kong branch share registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong or the principal place of business in Hong Kong located at 37th Floor, China Online Centre, 333 Lockhart Road, Wanchai, Hong Kong. Completion and return of the Form of Proxy will not preclude you from attending and voting in person at the SGM (or any adjourned meeting) should you so wish.

4 January 2017

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## DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company held on 22 August 2016 at which the Shareholders approved, among other matters, the Existing General Mandate
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bye-laws”	the Bye-laws of the Company
“Company”	China Dynamics (Holdings) Limited, a company incorporate in Bermuda with limited liability, the issued Shares of which are primary listed on the Main Board of the Stock Exchange (Stock Code: 476)
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Existing General Mandate”	the general mandate granted by the Shareholders to the Directors at the Annual General Meeting to allot, issue and deal with up to 20% of the total number of Shares in issue on the date of the Annual General Meeting
“Form of Proxy”	the form of proxy for use by Shareholders at the SGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	an independent committee of the Board comprising the independent non-executive Directors to advise the Independent Shareholders in respect of the Refreshed General Mandate

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## DEFINITIONS

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“Independent Financial Adviser” or “Nuada”	Nuada Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Refreshed General Mandate
“Independent Shareholder(s)”	Shareholders(s) other than the Directors (excluding independent non-executive Directors) and their associates
“Latest Practicable Date”	28 December 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	the placing of 740,000,000 new Shares completed on 15 December 2016
“Refreshed General Mandate”	the general mandate proposed to be granted to the Directors at the SGM to allot, issue and otherwise deal with additional Shares not exceeding 20% of the total number of Shares of the Company in issue on the date of the passing of the relevant ordinary resolution
“Refreshed General Mandate Resolution”	the ordinary resolution to approve the Refreshed General Mandate to be proposed at the SGM
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of Company to be convened and held for the purpose of considering and, if thought fit, approving the Refreshed General Mandate

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## DEFINITIONS

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“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	Holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	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  
Ms. Chan Hoi Ying

*Non-executive directors:*

Mr. Zhao Hong Feng  
Mr. Zhou Jin Kai

*Independent non-executive directors:*

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

*Principal place of business  
in Hong Kong:*

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

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

4 January 2017

*To the Shareholders*

Dear Sir or Madam,

**PROPOSED GENERAL MANDATE REFRESHMENT  
AND  
NOTICE OF SPECIAL GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to provide you with the information relating to (i) the details of the proposed refreshment of Existing General Mandate; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders on the refreshment of Existing General Mandate; (iii) the advice from Nuada to the Independent Board Committee and the Independent Shareholders on the proposed refreshment of Existing General Mandate; and (iv) the notice of SGM, at which an ordinary resolution will be proposed to the Independent Shareholders to consider and, if thought fit, approve the proposed refreshment of Existing General Mandate.

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## LETTER FROM THE BOARD

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### BACKGROUND TO THE GENERAL MANDATE REFRESHMENT

The Existing General Mandate was granted by the Shareholders by ordinary resolution passed at the Annual General Meeting held on 22 August 2016.

The Existing General Mandate authorises the Directors to allot, issue or deal with a maximum of 741,209,360 new Shares, being 20% of the total number of Shares as at the date of passing the resolution. As at the date of this Circular, the Company has utilised approximately 99.84% of the Existing General Mandate in relation to 740,000,000 new Shares that have been allotted and issued under the Placing agreement dated 30 November 2016, details of which are set out in the Company's announcement dated 30 November 2016.

As a result of the above, the Existing General Mandate has been almost fully utilized and only 1,209,360 new Shares may be further issued and allotted under the Existing General Mandate.

### Fund raising activities in the past 12 months

Brief particulars of equity fund-raising activities of the Company in the past 12 months are set out below:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date
30 November 2016	Placing of 740,000,000 new shares under general mandate on a best effort basis at a placing price of HK\$0.245 per placing share	approximately HK\$175.7 million	general working capital and future capital investments in the PRC	Not yet utilized

### Reasons for the proposed grant of the Refreshed General Mandate

As explained in the paragraph headed "Background to the General Mandate Refreshment" above, the Existing General Mandate has been almost fully utilised as at the Latest Practicable Date. In order to provide additional flexibility to allow the Company to conduct appropriate fund raising activities for future investments and business development, if and when necessary, in a timely manner, the Board believes that the refreshment of the Existing General Mandate is in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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Apart from equity financing, the Group has considered other financing alternatives such as debt financing to meet the funding requirement of the Group. However, it may not be feasible for the Group to obtain bank borrowings as the Company recorded unaudited losses of approximately HK\$58.4 million for the six months ended 30 September 2016 in accordance with the unaudited financial results disclosed in its interim report 2016/17. Besides, the debt financing will incur additional interest burden on the Group and may be subject to, including but not limited to, lengthy due diligence and negotiations with the banks as well as pledge of assets of the Group.

Having considered above, the Directors are of the view that the equity financing under the Refreshed General Mandate (i) is less time-consuming than other fund raising methods such as debt financing; (ii) will enhance the Company's capability to capture prospective investment opportunity in timely manner as and when it arises; and (iii) does not incur any interest paying obligations on the Group as compared to debt financing.

The Company has also considered the potential dilution impact to the existing Shareholders if the Company fully utilized the Refreshed General Mandate. As at the Latest Practicable Date, the Company had an aggregate of 4,446,046,800 Shares in issue. Subject to the passing of the ordinary resolution for the approval of the refreshment of the Existing General Mandate and assume that there are no further Shares to be issued and/or repurchased by the Company between the Latest Practicable Date and the date of the SGM, the Company will be allowed to allot and issue up to 889,209,360 Shares, being 20% of the number of issued Shares of the Company as at the Latest Practicable Date. The Company considers that such potential dilution impact is acceptable in light of the benefits of the refreshment of the Existing General Mandate as mentioned above.

Taking into account that (i) approximately 99.84% of the Existing General Mandate has been utilized by the Company as at the Latest Practicable Date; and (ii) the proposed refreshment of the Existing General Mandate will empower the Directors to conduct equity financing activities and provide the Company with financial flexibility to raise funds for prospective investment opportunities when they arise, the Board believes that the refreshment of the Existing General Mandate is appropriate and in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, the Directors have no concrete plan for raising capital by issuing new Shares, and there is currently no concrete proposal presented by potential investors for investment in the Shares. Nevertheless, the Board is now proposing to seek the approval of Independent Shareholders at the SGM to refresh the Existing General Mandate.



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## LETTER FROM THE BOARD

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### PROPOSED GENERAL MANDATE REFRESHMENT

The Company has not refreshed the Existing General Mandate since the Annual General Meeting. The Company has an aggregate of 4,446,046,800 Shares in issue as at the Latest Practicable Date.

As the proposed grant of the Refreshed General Mandate is being made prior to the Company's next annual general meeting, pursuant to Rule 13.36(4) of the Listing Rules, the Refreshed General Mandate is subject to the approval of the Independent Shareholders at the SGM.

Subject to the approval of the Independent Shareholders of the Refreshed General Mandate, assuming that no other Shares will be issued and/or repurchased by the Company on or prior to the date of the SGM, the Company would be allowed under the Refreshed General Mandate to allot and issue up to 889,209,360 Shares, being 20% of the issued share capital of the Company as at the Latest Practicable Date.

The Refreshed General Mandate will, if granted, expire at the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the revocation or variation of the authority given by such mandate by an ordinary resolution passed by the Shareholders in a general meeting; and (iii) 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.

## LETTER FROM THE BOARD

### SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) for illustrative purpose only, immediately after full utilisation of the Refreshed General Mandate, assuming that there will be no other changes to the share capital of the Company from the Latest Practicable Date up to the date of full utilisation of the Refreshed General Mandate.

Shareholders	At the Latest Practicable Date		Immediately after full utilization of the Refreshed General Mandate	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Mr. Cheung Ngan (Note 1)	394,670,000	8.88	394,670,000	7.40
Entrust Limited (Note 2)	390,000,000	8.77	390,000,000	7.31
Sino PowerHouse Corporation (Note 3)	95,232,469	2.14	95,232,469	1.78
Mr. Zhou Jin Kai	186,000,000	4.18	186,000,000	3.49
北京汽車城投資管理有限公司 (Note 4)	75,970,000	1.71	75,970,000	1.42
首航國際(香港)投資有限公司 (Note 4)	127,890,000	2.88	127,890,000	2.40
HK Guoxin Investment Group Limited (Note 5)	740,000,000	16.64	740,000,000	13.87
Public shareholder	2,436,284,331	54.80	2,436,284,331	45.66
Maximum number of new Shares which may be issued under the Refreshed General Mandate	—	—	889,209,360	16.67
<b>Total</b>	<b>4,446,046,800</b>	<b>100.00</b>	<b>5,335,256,160</b>	<b>100.00</b>

Note:

- Mr. Cheung Ngan is the chairman and executive director of the Company.
- Entrust Limited is controlled as to 34% by Mr. Chan Tok Yu, 25% by Ms. Chan Hoi Ying, 25% by Mr. Chan Hin Yeung and 16% by Ms. Siu Kwan. Mr. Chan Tok Yu is aged under 18 and his interest is held by Ms. Siu Kwan as a trustee. Accordingly, Mr. Chan Tok Yu is deemed to be interested in the shares in which Entrust Limited is interested by virtue of the SFO.
- Sino PowerHouse Corporation is beneficially owned as to 51% by Faith Profit Holding Limited and 49% by Entrust Limited. Mr. Cheung Ngan holds 100% interest in Faith Profit Holding Limited. Accordingly, Faith Profit Holding Limited, Mr. Cheung Ngan, Entrust Limited and Mr. Chan Tok Yu are deemed to be interested in the shares in which Sino PowerHouse Corporation is interested by virtue of the SFO.
- 首航國際(香港)投資有限公司 was 100% indirectly owned by 北京汽車城投資管理有限公司. 北京汽車城投資管理有限公司 was 96.95% owned by 北京匯濟投資中心. 北京匯濟投資中心 was 100% owned by 北京市順義區政府. Accordingly, 北京匯濟投資中心 and 北京市順義區政府 are deemed to be interested in the shares in which 北京汽車城投資管理有限公司 and 首航國際(香港)投資有限公司 are interested by virtue of the SFO.
- HK Guoxin Investment Group Limited is wholly owned by Mr. Li Feng Mao.

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## **LETTER FROM THE BOARD**

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### **LISTING RULES IMPLICATION**

Pursuant to Rule 13.36(4) of the Listing Rules, the refreshment of General Mandate requires the approval of the Independent Shareholders at the SGM at which any of the controlling Shareholders and their associates, or where there are no controlling Shareholders, Directors (excluding independent non-executive Directors) and the chief executives and their respective associates shall abstain from voting in favour of the resolution approving the refreshment of General Mandate.

As at the Latest Practicable Date, there is no controlling shareholder and save for (i) Mr. Cheung Ngan, the chairman and executive Director, was interested in 394,670,000 Shares, and Sino PowerHouse Corporation, being interested in 95,232,469 Shares, was owned as to 51% by Faith Profit Holding Limited, and Mr. Cheung Ngan held 100% interest in Faith Profit Holding Limited; (ii) Entrust Limited, being interested in 390,000,000 Shares, was owned as to 25% by Ms. Chan Hoi Ying, the executive Director, and 25% by her family member namely Mr. Chan Hin Yeung; and (iii) Mr. Zhou Jin Kai, the executive Director, was interested in 186,000,000 Shares, none of the other Directors (excluding independent non-executive Directors) and their respective associates are interested in the Shares. As such, Mr. Cheung Ngan, Ms. Chan Hoi Ying, Mr. Zhou Jin Kai and their respective associates are required to abstain from voting in favour of the relevant resolution to approve the refreshment of the Existing General Mandate at the SGM.

The Board has been advised by Mr. Cheung Ngan, Ms. Chan Hoi Ying, Mr. Zhou Jin Kai and their respective associates that they have no intention to vote against the resolution to approve the refreshment of the Existing General Mandate at the SGM.

### **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee comprises of Mr. Chan Francis Ping Kuen, Mr. Hu Guang and Dato' Tan Yee Boon, all being independent non-executive Directors has been established to advise the Independent Shareholders on the grant of the Refreshed General Mandate.

Nuada has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the grant of the Refreshed General Mandate.

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## **LETTER FROM THE BOARD**

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### **SGM**

A SGM will be held at Boardroom 3-4, M/F, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong at 11:00 a.m. on 20 January 2017 at which the ordinary resolution will be proposed to seek Independent Shareholders' approval for the Refreshed General Mandate.

### **ACTION TO BE TAKEN WITH REGARD TO THE SGM**

If you are a Shareholder and are not able to attend the SGM, you are requested to complete and return the enclosed Form of Proxy in accordance with the instructions printed thereon and any power of attorney or other authority (if any) under which it is signed, or a certified copy of that power of attorney, to the Company's Hong Kong branch share registrar and transfer office, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong or the principal place of business in Hong Kong located at 37th Floor, China Online Centre, 333 Lockhart Road, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the SGM.

Completion and return of the Form of Proxy will not preclude Shareholders from attending and voting at the SGM, or any adjournment thereof, if they so wish and in such event the relevant Form of Proxy shall be deemed to be revoked.

### **RECOMMENDATION**

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 12 and 13 of this circular which contains its recommendation to the Independent Shareholders on the Refreshed General Mandate; and (ii) the letter from the Independent Financial Adviser set out on pages 14 to 26 of this circular, which contains, among other matters, its advice to the Independent Board Committee and the Independent Shareholders in relation to the Refreshed General Mandate and the principal factors considered by it in arriving at its advice.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, is of the opinion that the Refreshed General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole and accordingly recommends the Independent Shareholders to vote in favour of the Refreshed General Mandate Resolution to be proposed at the SGM.

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## LETTER FROM THE BOARD

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Accordingly, the Directors (including the independent non-executive Directors) consider that the Refreshed General Mandate is fair and reasonable and is in the best interests of the Company and the Shareholders as a whole and recommend the Independent Shareholders to vote in favour of the Refreshed General Mandate Resolution to be proposed at the SGM.

### RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars 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.

Yours faithfully,  
On behalf of the Board  
**China Dynamics (Holdings) Limited**  
**Cheung Ngan**  
*Chairman*

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**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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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)**

4 January 2017

*To the Independent Shareholders*

Dear Sir or Madam,

**PROPOSED REFRESHED GENERAL MANDATE**

We refer to the circular of the Company dated 4 January 2017 (the “**Circular**”) of which this letter forms part. Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as defined in the Circular.

We have been appointed by the Board to advise the Independent Shareholders as to whether the terms of the proposed Refreshed General Mandate are fair and reasonable so far as the Independent Shareholders are concerned. Nuada Limited has been appointed as the Independent Financial Adviser to advise us in this respect.

We wish to draw your attention to the letter from the Board set out on pages 4 to 11 of the Circular and the letter of advice from the Independent Financial Adviser set out on pages 14 to 26 of the Circular.

Having taken into account the principal factors and reasons considered by the Independent Financial Adviser, its conclusion and advice, we concur with the view of the Independent Financial Adviser and consider the terms the Refreshed General Mandate are fair and reasonable so far as the Independent Shareholders are concerned and the Refreshed General Mandate is in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Accordingly, we recommend you to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Refreshed General Mandate.

Yours faithfully,

For and on behalf of

Independent Board Committee of

**China Dynamics (Holdings) Limited**

**Mr. Chan Francis Ping Kuen**

**Mr. Hu Guang**

**Dato' Tan Yee Boon**

*Independent Non-executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the text of a letter of advice to the Independent Board Committee and the Independent Shareholders from Nuada Limited in relation to the refreshment of the Existing General Mandate for the purpose of inclusion in this circular.*

**Nuada Limited**

Unit 1805-08, 18/F  
OfficePlus @Sheung Wan  
93-103 Wing Lok Street  
Sheung Wan, Hong Kong  
香港上環永樂街93-103號  
協成行上環中心18樓1805-08室

4 January 2017

*To the Independent Board Committee and the Independent Shareholders of  
China Dynamics (Holdings) Limited*

Dear Sirs,

### **PROPOSED REFRESHMENT OF THE EXISTING GENERAL MANDATE TO ALLOT AND ISSUE SHARES**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the refreshment of the Existing General Mandate, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 4 January 2017 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

As disclosed in the Board Letter, the Existing General Mandate was granted by the Shareholders by ordinary resolution passed at the Annual General Meeting held on 22 August 2016. The Existing General Mandate authorises the Directors to allot, issue or deal with a maximum of 741,209,360 new Shares, being 20% of the total number of Shares as at the date of passing the resolution. As at the Latest Practicable Date, the Company has utilised approximately 99.84% of the Existing General Mandate in relation to 740,000,000 new Shares that have been allotted and issued under the agreement dated 30 November 2016 in respect of the Placing, details of which are set out in the Company’s announcement dated 30 November 2016.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As a result of the above, the Existing General Mandate has been almost fully utilised and only 1,209,360 new Shares may be further issued and allotted under the Existing General Mandate. The Board proposes to seek approval of the Independent Shareholders for the proposed refreshment of the Existing General Mandate such that the Directors will be granted the authority to allot, issue and deal with new Shares not exceeding 20% of the total issued share capital of the Company as at the date of passing the relevant resolution at the SGM.

As at the Latest Practicable Date, there is no controlling shareholder and save for (i) Mr. Cheung Ngan, the chairman and executive Director, was interested in 394,670,000 Shares, and Sino PowerHouse Corporation, being interested in 95,232,469 Shares, was owned as to 51% by Faith Profit Holding Limited, and Mr. Cheung Ngan held 100% interest in Faith Profit Holding Limited; (ii) Entrust Limited, being interested in 390,000,000 Shares, was owned as to 25% by Ms. Chan Hoi Ying, the executive Director, and 25% by her family member namely Mr. Chan Hin Yeung; and (iii) Mr. Zhou Jin Kai, the executive Director, was interested in 186,000,000 Shares, none of the other Directors (excluding independent non-executive Directors) and their respective associates are interested in the Shares. As such, Mr. Cheung Ngan, Ms. Chan Hoi Ying, Mr. Zhou Jin Kai and their respective associates are required to abstain from voting in favour of the relevant resolution to approve the refreshment of the Existing General Mandate at the SGM.

The Independent Board Committee comprising Mr. Chan Francis Ping Kuen, Mr. Hu Guang and Dato' Tan Yee Boon, all of them being the independent non-executive Directors, has been formed to advise the Independent Shareholders on the proposed refreshment of the Refreshed General Mandate. We, Nuada Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

During the past two years, we have acted as the independent financial adviser to the Company's then independent board committee and independent shareholders for the following transactions:

**Date of the relevant circular  
and our letter of advice**

**Nature of the transactions**

11 April 2014

- (i) Discloseable and connected transaction; and
- (ii) Refreshment of the general mandate to issue Shares

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Apart from normal professional fees for our services to the Company in connection with the previous engagement described above, as well as this appointment as the Independent Financial Adviser in respect of the refreshment of the Existing General Mandate, no other arrangement exists whereby we will receive any fees and/or benefits from the Group. As at the Latest Practicable Date, we are not aware of any relationships or interests between us and the Company or its substantial Shareholders, Directors or chief executive, or any of their respective associates. We are independent under Rule 13.84 of the Listing Rules to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in connection with the refreshment of Existing General Mandate.

### **BASIS OF OUR OPINION**

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, that having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the 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 in the Circular or the Circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, its subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the refreshment of the Existing General Mandate. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Independent Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the refreshment of the Existing General Mandate, we have taken into consideration the following principal factors and reasons:

#### **I. Background information of the refreshment of the Existing General Mandate**

The Directors were authorised to allot and issue up to 741,209,360 Shares under the Existing General Mandate which was granted to the Directors at the Annual General Meeting held on 22 August 2016.

Reference is made to the Company's announcements dated 30 November 2016 and 15 December 2016 in relation to the Placing. The Company completed the Placing on 15 December 2016 and successfully placed, through Yicko Securities Limited as placing agent, 740,000,000 Shares to a placee at a price of HK\$0.245 per Share. The Placing utilised approximately 99.84% of the Existing General Mandate. After the allotment and issue of the sum of 740,000,000 Shares pursuant to the Placing, the total number of Shares in issue has been increased from 3,706,046,800 Shares to 4,446,046,800 Shares. Accordingly, the maximum number of the Shares that can be further allotted and issued under the Existing General Mandate is 1,209,360 new Shares, representing only approximately 0.03% of the issued share capital of the Company as at Latest Practicable Date.

The Board proposes to seek approval of the Independent Shareholders for the proposed refreshment of the Existing General Mandate such that the Directors will be granted the authority to allot, issue and deal with new Shares not exceeding 20% of the total issued share capital of the Company as at the date of passing the relevant resolution at the SGM.

As at the Latest Practicable Date, the Company had 4,446,046,800 Shares in issue. On the basis that (i) no Share would be issued and/or repurchased by the Company; and (ii) no share option of the Company would be exercised from the Latest Practicable Date up to the date of the SGM, the refreshment of the Existing General Mandate would allow the Directors to allot, issue and deal with up to 889,209,360 new Shares, representing 20% of the total issued share capital of the Company as at the date of the SGM.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### II. Reasons for the proposed refreshment of the Existing General Mandate

#### *(i) Financial Information of the Group*

The principal activity of the Company is investment holding. The principal activities of the subsidiaries of the Company consist of investment holding, development of new energy business, trading of metals and minerals, and processing of raw ores and mineral resources.

As disclosed in the Company's interim report (the "**Interim Report**") for the six months ended 30 September 2016 ("**FP2016**"), the Group recorded an unaudited revenue of approximately HK\$55.9 million for FP2016, representing a decrease of approximately 53.5% from that of approximately HK\$120.4 million for the six months ended 30 September 2015 ("**FP2015**"). The revenue of approximately HK\$55.9 million for FP2016 was generated solely from the sales of motor vehicles, as opposed to sales of motor vehicles of HK\$53.0 million and sale of iron ores of HK\$67.4 million as revenue of the Group for FP2015. As disclosed in the Interim Report and according to the management of the Company, the decrease in the revenue of the Group was mainly attributable to no revenue from iron ores trading for FP2016, which was due to the continued fluctuation in the selling price of global metal and minerals market. For FP2016, the Group recorded a net loss of approximately HK\$58.4 million, representing a decrease of approximately 24.0% from that of approximately HK\$76.8 million for FP2015. We note from the Interim Report that such decrease in net loss might be attributable to, among others, a reduced finance cost from approximately HK\$24.2 million for FP2015 to approximately HK\$0.4 million for FP2016. Finance costs for FP2016 mainly represent the interest expenses on bank loan in the People's Republic of China (the "**PRC**"), while that for FP2015 mainly represent the non-cash imputed interest expenses and the unwind interest on early extinguishment on the full settlement of the amount due to a related company. The administrative expense of the Group increased from approximately HK\$58.6 million for FP2015 to approximately HK\$71.1 million for FP2016, mainly due to the increase in the share-based payment expenses. As at 30 September 2016, the cash and cash equivalent of the Group amounted to approximately HK\$87.1 million.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *(ii) Latest business development of the Group*

As disclosed in the announcement of the Company dated 17 May 2016 (the “**Announcement**”), the Company entered into a non-legally binding investment agreement (the “**Investment Agreement**”), pursuant to which the Company agreed to acquire and Chongqing Qijiang District Industrial Zone Administrative Committee\* (重慶綦江工業園區管理委員會) (the “**Committee**”) agreed to transfer a parcel of land for industrial purposes in the Qijiang District, Chongqing with a size of approximately 800 mu (the “**Land**”), at a consideration of RMB90,000 (equivalent to approximately HK\$107,000) per mu. The Investment Agreement outlined a construction plan of a new production facility for the manufacture of new energy vehicles and buses with an annual production capacity of 5,000 units (the “**Project**”). The construction will be divided into two phases for which the first phase is expected to be completed in two years. As disclosed in the Announcement and as discussed with the management of the Company, we understand that the total investment amount of the Project is estimated to be approximately RMB100 million to RMB200 million (equivalent to approximate HK\$119.0 million to HK\$238.1 million), including but not limited to, the consideration of the Land and the construction cost of the production plant and facilities.

Also as disclosed in the Announcement, a supplemental agreement (the “**Supplemental Agreement**”) was entered into among the Committee, the Company, a new subsidiary in Qijiang set up by the Company for the Project (the “**New Qijiang Subsidiary**”), Chongqing Suitong New Energy Vehicle Production Co. Ltd. (“**Suitong**”, a subsidiary of the Company). The Supplemental Agreement is the framework of the arrangement and subsidies in facilitating the development of the Project, including (i) rent-free production facilities for the New Qijiang Subsidiary to produce new energy vehicles before the completion of the Project; (ii) subsidising the New Qijiang Subsidiary for the development of the Project and the research and development of new energy vehicles under certain conditions; (iii) preferential tax treatment; and (iv) promotion of new energy vehicles, such as purchase of 150 electric buses from the New Qijiang Subsidiary by the Committee over the years.

As stated in the Announcement, the Company considers that the entering into the Investment Agreement and the Supplemental Agreement is a milestone of introducing the new energy vehicles developed by the Group into mass production with an annual production capacity of 5,000 vehicles.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We have discussed with the management of the Company and understood that based on the existing cash level and working capital requirement of the Group, the Company may consider to issue Shares to raise additional funds for the development of the Project as and when appropriate. Based on the Interim Report and the Announcement, we noted that (i) the cash and cash equivalent of the Group amounted to approximately HK\$262.8 million as at 30 September 2016, after taking into account of the net proceeds from the Placing of approximately HK\$175.7 million completed on 15 December 2016; (ii) general working capital requirement of the Group will be around HK\$140 million for the coming 12 months, based on the administrative expense of the Group of approximately HK\$71.1 million for FP2016; and (iii) total investment amount of the Project is estimated to be approximately RMB100 million to RMB200 million (equivalent to approximately HK\$119.0 million to HK\$238.1 million). In view of the above, the Group might require additional financial resources for the development of the Project. Accordingly, we are of the view and concur with the view of the management of the Company that having the Refreshed General Mandate in place will provide the Company with more flexibility, in the event the Group decides to raise fund for the Project (among other investment opportunities) through issue of new Shares. We understand that as at the Latest Practicable Date, the Directors have no concrete plan for raising capital by issuing new Shares, and there is currently no concrete proposal presented by potential investors for investment in the Shares.

### *(iii) Industry outlook*

As disclosed in the Interim Report, the Group is confident that the electric bus and electric vehicles business will offer a good business opportunity and prospect for the Group. In this regard, and considering that the Project is for the manufacture of new energy vehicles and buses, we studied the “Proposal of the Thirteenth Five-Year Development Plan”\* (中共中央關於制定國民經濟和社會發展第十三個五年規劃的建議) (the “**Proposed Development Plan**”) published on the government website of the PRC in November 2015 regarding government policy and support in relation to the industry. The Proposed Development Plan outlined certain development objectives with measures in relation to green development and more specifically electric vehicles, including, among others: (i) encouragement of low-carbon development through innovation in energy technology; (ii) promotion of low-carbon transportation, with public transportation in priority; (iii) implementation of new energy vehicle and improvement in the electric vehicle industry; and (iv) initiative of anti-pollution. More recently in December 2016, the State Council of the PRC also released the “Thirteenth Five-Year Development Plan on Environmental Protection”\* (“十三五”生態環境保護規劃) (the “**Environmental Plan**”) which focus on the environment protection perspective of “Thirteenth Five-Year Development Plan”. We noted that the Environmental Plan specifically provides several government policies in relation to electric vehicles, such as (i) increasing the number of new energy vehicle

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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in public transportation; and (ii) fostering the building of infrastructure in relation to new energy vehicles, e.g. charging stations for electric vehicles, by PRC government and large to medium enterprises. Based on the aforesaid emphasis of the PRC government on environmental protection and in particular new energy vehicle in the PRC, we are of the view and concur with the management of the Company that the outlook of the electric vehicles industry in the PRC is positive.

*(iv) Our view*

As stated in the section headed “I. Background information of the refreshment of the Existing General Mandate” above, the maximum number of Shares that are available to be allotted or issued under the Existing General Mandate is 1,209,360 Shares, representing (i) approximately 0.16% of the Shares that can be allotted and issued under the Existing General Mandate; and (ii) only approximately 0.03% of the issued shares capital of the Company as at the Latest Practicable Date. The refreshment of the Existing General Mandate will provide the Company an additional means but not obligation to raise fund as detailed in the section headed “IV. Flexibility in financing” below. In addition, after discussion with the management of the Company and according to the past annual general meetings of the Company, we understand that the next annual general meeting (the “**Next AGM**”) will likely be held in late August 2017, which is approximately 8 months from the Latest Practicable Date, to approve the refreshment of the Existing General Mandate should it not be refreshed in the SGM.

Given the foregoing, we are of the opinion that (i) the refreshment of the Existing General Mandate would provide the Company with flexibility to fulfil any possible funding needs for business operation and/or investment decisions including, among others, the Project as disclosed above; (ii) among other benefits, the Project provides subsidies to the Group and secures purchase of new energy vehicle by the Committee, which would strengthen the principal business of the Group; and (iii) the outlook of the electric vehicles industry in the PRC is positive in general as detailed above. Accordingly, we are of the view that the refreshment of the Existing General Mandate is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### III. Fund raising activities in the past twelve months

Set out below are the fund raising activities of the Company during the past twelve months immediately preceding the Latest Practicable Date as extracted from the section headed “Fund raising activities in the past twelve months” in the Board Letter:

Date of initial announcement	Description	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date
30 November 2016	Placing of 740,000,000 shares at a price of HK\$0.245 per placing share which was completed in 15 December 2016	approximately HK\$175.7 million	For general working capital purpose and future capital investments in the PRC	Not yet utilised

As the refreshment of the Existing General Mandate can provide the Company an alternative fund raising method and the management of the Company confirmed that they would exercise due and careful consideration when choosing the best financing method available to the Group (please refer to the section headed “V. Other financing alternatives” below for detailed information), we consider that the refreshment of the Existing General Mandate is justifiable.

### IV. Flexibility in financing

As mentioned in the section headed “II. Reasons for the proposed refreshment of the Existing General Mandate” above, the Group may consider to issue Shares to raise additional funds for the development of the Project. As advised by the management of the Company, apart from the Project, the Company has not identified other investment opportunities as at the Latest Practicable Date, and there is no other business arrangements/transactions/agreements/understanding that may involve possible equity fund raising activities utilising the Refreshed General Mandate as at the Latest Practicable Date.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As discussed in the foregoing, we consider that (i) the remaining proceeds from the Placing have been earmarked for specific purposes including general working capital; (ii) the refreshment of the Existing General Mandate would provide the Company with the necessary flexibility to fulfil any possible funding needs for the Project and other future business development and/or investment decisions; (iii) the maximum number of the Share that can be further allotted and issued under the Existing General Mandate is 1,209,360 Shares, representing only approximately 0.03% of the issued share capital of the Company as at Latest Practicable Date; and (iv) according to the management of the Company, the Next AGM is expected to be held in late August 2017, which is approximately 8 months from the Latest Practicable Date, and the Refreshed General Mandate will allow the Company to have sufficient flexibility to grasp appropriate fund raising opportunities during this period. The refreshment of the Existing General Mandate would provide the Company with the flexibility as allowed under the Listing Rules to allot and issue new Shares for equity fund raising activities, such as placing of new Shares, or as consideration for potential investments in the future as and when such opportunities arise. Furthermore, the additional amount of equity which may be raised after the refreshment of the Existing General Mandate would provide the Group with more financing options when assessing and negotiating potential investments in a timely manner. Given the financial flexibility available to the Company as discussed above, we are of the opinion that the refreshment of the Existing General Mandate is in the interests of the Company and the Shareholders as a whole.

### **V. Other financing alternatives**

We have enquired into the management of the Company and we understand from the management of the Company that the Group has considered other financing alternatives apart from equity financing, such as debt financing, to meet the funding requirement of the Group. The management of the Company is of the view that it may not be feasible for the Group to obtain bank borrowings given the unaudited losses of the Group of approximately HK\$58.4 million for the six months ended 30 September 2016 as stated in the Interim Report. Besides, debt financing will incur additional interest burden on the Group and may be subject to, including but not limited to, lengthy due diligence and negotiations with the banks as well as pledge of assets of the Group.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having considered that (i) issuing shares under the Refreshed General Mandate is less time-consuming than other fund raising methods such as debt financing; (ii) the Refreshed General Mandate will enhance the Company's capability to capture prospective investment opportunity in timely manner as and when it arises; (iii) the refreshment of the Existing General Mandate does not incur any interest paying obligations on the Group as compared to debt financing; and (iv) the management of the Company confirmed that in the event the Company intends to raise fund, they would exercise due and careful consideration when choosing the best financing method then available to the Company including, among others, placing of Shares under the Refreshed General Mandate, rights issue, open offer and debt financing, we are of the view and concur with the view of the management of the Company that the refreshment of the Existing General Mandate is in the interests of the Company and the Shareholders as a whole.

### VI. Potential dilution to shareholding of the existing public Shareholders

The table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) upon full utilisation of the Refreshed General Mandate, assuming that no other Shares are issued and/or repurchased by the Company from the Latest Practicable Date up to the date on which the Refreshed General Mandate (if granted) is exercised in full:

Shareholders	As at the Latest Practicable Date		Immediately upon full utilisation of the Refreshed General Mandate	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Mr. Cheung Ngan (Note 1)	394,670,000	8.88	394,670,000	7.40
Entrust Limited (Note 2)	390,000,000	8.77	390,000,000	7.31
Sino PowerHouse Corporation (Note 3)	95,232,469	2.14	95,232,469	1.78
Mr. Zhou Jin Kai	186,000,000	4.18	186,000,000	3.49
北京汽車城投資管理有限公司 (Note 4)	75,970,000	1.71	75,970,000	1.42
首航國際(香港)投資有限公司 (Note 4)	127,890,000	2.88	127,890,000	2.40
HK Guoxin Investment Group Limited (Note 5)	740,000,000	16.64	740,000,000	13.87
Existing public Shareholders	2,436,284,331	54.80	2,436,284,331	45.66
Maximum number of new Shares which may be issued under the Refreshed General Mandate	—	—	889,209,360	16.67
<b>Total</b>	<b>4,446,046,800</b>	<b>100.00</b>	<b>5,335,256,160</b>	<b>100.00</b>

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Notes:*

1. Mr. Cheung Ngan is the chairman and executive directors of the Company.
2. Entrust Limited is controlled as to 34% by Mr. Chan Tok Yu, 25% by Ms. Chan Hoi Ying, 25% by Mr. Chan Hin Yeung and 16% by Ms. Siu Kwan. Mr. Chan Tok Yu is aged under 18 and his interest is held by Ms. Siu Kwan as a trustee. Accordingly, Mr. Chan Tok Yu is deemed to be interested in the shares in which Entrust Limited is interested by virtue of the SFO.
3. Sino PowerHouse Corporation is beneficially owned as to 51% by Faith Profit Holding Limited and 49% by Entrust Limited. Mr. Cheung Ngan holds 100% interest in Faith Profit Holding Limited. Accordingly, Faith Profit Holding Limited, Mr. Cheung Ngan, Entrust Limited and Mr. Chan Tok Yu are deemed to be interested in the shares in which Sino PowerHouse Corporation is interested by virtue of the SFO.
4. 首航國際(香港)投資有限公司 was 100% indirectly owned by 北京汽車城投資管理有限公司. 北京汽車城投資管理有限公司 was 96.95% owned by 北京匯濟投資中心. 北京匯濟投資中心 was 100% owned by 北京市順義區政府. Accordingly, 北京匯濟投資中心 and 北京市順義區政府 are deemed to be interested in the shares in which 北京汽車城投資管理有限公司 and 首航國際(香港)投資有限公司 are interested by virtue of the SFO.
5. HK Guoxin Investment Group Limited is wholly owned by Mr. Li Feng Mao.

As shown in the table above, the shareholding of the existing public Shareholders would be diluted from approximately 54.80% to approximately 45.66% upon full utilisation of the Refreshed General Mandate. Given that (i) new Shares may be issued under the Refreshed General Mandate for cash for the Project in a timely manner if and when appropriate as stated in the section headed “II. Reasons for the proposed refreshment of the Existing General Mandate” above; (ii) the outlook of green transportation industry in the PRC, which is one of the principal businesses of the Group and is likely to be strengthened by the Project, is positive as stated in the section headed “II. Reasons for the proposed refreshment of the Existing General Mandate” above; and (iii) the management of the Company confirmed that they would exercise due and careful consideration when choosing the best financing method available to the Company as stated in the section headed “V. Other financing alternative” above, we consider that the potential dilution effect on the existing public Shareholders mentioned above is justifiable.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that the proposed refreshment of the Existing General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the proposed refreshment of the Existing General Mandate and we recommend the Independent Shareholders to vote in favour of the ordinary resolution in this regard.

Yours faithfully,  
For and on behalf of  
**Nuada Limited**  
**Kevin Wong**  
*Vice President*

*Mr. Kevin Wong is a person licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO and is a responsible officer of Nuada Limited who has over 13 years of experience in corporate finance industry.*

\* *For identification purpose only*

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## NOTICE OF SPECIAL 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 OF SPECIAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that a special general meeting (the “**SGM**”) of China Dynamics (Holdings) Limited (the “**Company**”) will be held at Boardroom 3-4, M/F, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong, on 20 January 2017 at 11:00 a.m. to consider and, if thought fit, pass (with or without modifications), the following resolution as an ordinary resolution of the Company:

#### **ORDINARY RESOLUTION**

1. “**THAT**, to the extent not already exercised, the mandate to allot and issue shares of the Company given to the directors of the Company (the “**Directors**”) at the annual general meeting (the “**Annual General Meeting**”) of the Company held on 22 August 2016 be and is hereby revoked and replaced by the following mandate:

**THAT:**

- (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with authorised and unissued shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors to make or grant offers, agreements and options during the Relevant Period which would or might require the exercise of such powers after the end of the Relevant Period;

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## NOTICE OF SPECIAL GENERAL MEETING

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- (c) the total number of shares allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to:
- (i) a Rights Issue (as defined below);
  - (ii) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any options, warrants or convertible notes or similar rights granted by the Company or any securities which are convertible into Shares;
  - (iii) the grant of options or rights to acquire Shares or an issue of Shares upon exercise of options or rights granted under the existing share option scheme of the Company or similar arrangement for the time being adopted and approved by the shareholders of the Company; and
  - (iv) any scrip dividend scheme or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-Laws of the Company,

shall not exceed 20% of the total number of shares of the Company as at the date of the passing of this resolution and this approval shall be limited accordingly; and

- (d) for the purposes of this resolution:

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the revocation or variation of the authority given under this resolution by an ordinary resolution passed by the Company’s shareholders in a general meeting; and
- (iii) 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 SPECIAL GENERAL MEETING

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“**Rights Issue**” means an offer of shares open for a period fixed by the directors to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (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 any relevant jurisdiction or the requirements of any recognized regulatory body or any stock exchange in any territory outside Hong Kong).”

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

Hong Kong, 4 January 2017

*Notes:*

1. Any member of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. A member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him to attend and vote on his behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. In order to be valid, a Form of Proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, must be deposited at the Company’s Hong Kong branch share registrar and transfer office, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong or the principal place of business in Hong Kong located at 37th Floor, China Online Centre, 333 Lockhart Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Delivery of the Form of Proxy shall not preclude a member of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
3. As at the date of this notice, the board comprises two executive Directors, namely Mr. Cheung Ngan and Ms. Chan Hoi Ying, two non-executive Directors, namely Mr. Zhao Hong Feng and Mr. Zhou Jin Kai, and three independent non-executive Directors, namely Mr. Chan Francis Ping Kuen, Mr. Hu Guang and Dato’ Tan Yee Boon.