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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 PLACING OF NEW SHARES UNDER GENERAL MANDATE  
AND  
CONNECTED TRANSACTION IN RELATION TO THE APPOINTMENT OF A  
PLACING AGENT**

**THE PLACING**

On 13 November 2018 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company has conditionally agreed to issue and has appointed the Placing Agent to procure the Placees for, during the Placing Period, on a best effort basis, a maximum of 1,000,000,000 Placing Shares at a Placing price range from HK\$0.10 to – HK\$0.14 per Placing Share..

The Placing Price range, from HK\$0.10 to HK\$0.14 per Placing Share represents (i) a discount of approximately 6.54% to a premium of approximately 30.84% respectively to the closing price of HK\$0.107 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 5.66% to a premium of approximately 32.08% respectively to the average closing price of approximately HK\$0.106 per Share as quoted on the Stock Exchange for the last five consecutive trading days of the Shares immediately prior to the date of the Placing Agreement.

The maximum number of 1,000,000,000 Placing Shares represents (i) approximately 19.86% of the existing issued share capital of the Company of 5,036,046,800 Shares as at the date of this announcement; and (ii) approximately 16.57% of the issued share capital of the Company of 6,036,046,800 Shares as enlarged by the Placing. The aggregate nominal value of the Placing Shares under the Placing will be HK\$10,000,000.

Assuming the maximum number of the Placing Shares is placed, the gross proceeds from the Placing are expected to be ranged from HK\$100.0 million to HK\$140.0 million and the net proceeds from the Placing (after deducting the commission payable to the Placing Agent and other expenses incurred in the Placing) are expected to range from HK\$98.0 million to HK\$137.2 million. The Company intends to use the net proceeds from the Placing for the general working capital purpose and the development of electric bus in the PRC. The net proceeds raised per Share upon completion of the Placing will be ranged from HK\$0.098 to HK\$0.137 per Share.

The Placing Shares to be placed under the Placing Agreement will be issued pursuant to the General Mandate to allot, issue and deal with Shares granted to the Directors at the AGM to not fewer than six Placees who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

**Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

#### **CONNECTED TRANSACTION IN RELATION TO THE APPOINTMENT OF A PLACING AGENT**

The Placing Agent, is a wholly-owned subsidiary of Yale International. Since Yale International is a substantial shareholder of the Company, the Placing Agent is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the engagement of the Placing Agent in consideration of placing commission under the Placing Agreement constitutes a connected transaction under Chapter 14A of the Listing Rules.

As all of the percentage ratios (other than the profits ratio) are less than 5% and the total consideration is less than HK\$3,000,000, the connected transaction is fully exempt from the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A.76 of the Listing Rules.

#### **THE PLACING AGREEMENT**

##### **Date**

13 November 2018 (after trading hours)

##### **Parties**

- (a) the Company; and
- (b) the Placing Agent.

## **Placing Agent**

The Placing Agent has conditionally agreed to procure the Placees for, during the Placing Period, a maximum of 1,000,000,000 Placing Shares, on a best effort basis, and will receive a placing commission of 2% on the gross proceeds of the number of Placing Shares being placed. Such placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market rate.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent, is a wholly-owned subsidiary of Yale International. Since Yale International is a substantial shareholder of the Company, the Placing Agent is a connected person of the Company under Chapter 14A of the Listing Rules. The Listing Rules implications of the aforesaid will be elaborated in the section headlined "Connected Transaction in relation to Appointment of Placing Agent" below.

## **Placees**

The Placing Agent will place, on a best effort basis, the Placing Shares to not fewer than six Placees, who and whose ultimate beneficial owners will be third parties independent of and not connected with the Company, connected persons of the Company and any of the Directors, chief executive or substantial shareholder(s) of the Company or any of its subsidiaries or their respective Associates. Further announcement setting out the names of the Placees in accordance with Rule 13.28(7) of the Listing Rules shall be made by the Company if the number of Placees is less than six. It is expected that none of the Placees will become a substantial shareholder of the Company immediately after completion of the Placing. If any of the Placees becomes a new substantial shareholder of the Company after the completion of the Placing, further announcement will be made by the Company.

## **Number of Placing Shares**

The maximum number of 1,000,000,000 Placing Shares represents (i) approximately 19.86% of the existing issued share capital of the Company of 5,036,046,800 Shares as at the date of this announcement; and (ii) approximately 16.57% of the issued share capital of the Company of 6,036,046,800 Shares as enlarged by the Placing. The aggregate nominal value of the Placing Shares under the Placing will be HK\$10,000,000.

## **Ranking of Placing Shares**

The Placing Shares will rank *pari passu* in all respects among themselves and with Shares in issue as at the date of allotment and issue of the Placing Shares.

## **Placing Price**

The maximum Placing Price of HK\$0.14 per Placing Share represents:

- (i) a premium of approximately 30.84% to the closing price of HK\$0.107 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and

- (ii) a premium of approximately 32.08% to the average closing price of approximately HK\$0.106 per Share as quoted on the Stock Exchange for the last five consecutive trading days of the Shares prior to the date of the Placing Agreement.

The minimum Placing Price of HK\$0.10 per Placing Share represents:

- (iii) a discount of approximately 6.54% to the closing price of HK\$0.107 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (iv) a discount of approximately 5.66% to the average closing price of approximately HK\$0.106 per Share as quoted on the Stock Exchange for the last five consecutive trading days of the Shares prior to the date of the Placing Agreement.

The range of the Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

The Placing Price will be determined by Price Determination Agreement on the Price Determination Date.

### **The Placing Shares**

The Placing Shares will be issued under the General Mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with Shares subject to the limit up to 20% of the then issued share capital of the Company as at the date of the AGM. Under the General Mandate, the Company is authorised to issue up to 1,007,209,360 Shares. The 1,000,000,000 Placing Shares to be allotted and issued will utilise approximately 99.28% of the General Mandate. Accordingly, the issue of the Placing Shares is not subject to the Shareholders' approval.

### **Conditions of the Placing Agreement**

Completion of the Placing Agreement is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, all of the Placing Shares;
- (ii) the Price Determination Agreement having been duly executed by the Company and Placing Agent and becoming effective on the Price Determination Date; and
- (iii) the obligations of the Placing Agent under the Placing Agreement becoming unconditional and not being terminated in accordance with the terms of the Placing Agreement.

If any of the conditions precedents under the Placing Agreement is not fulfilled on or before 31 January 2019 (or such later date as may be agreed between the parties), the Placing Agreement and all rights and obligations thereunder will cease and terminate and neither of the parties shall have any claim against the other for any costs, damages, compensation or otherwise (except (i) any liabilities in respect of the undertakings by the Company, undertakings by the Placing Agent and indemnity; and (ii) any antecedent breaches of the Placing Agreement).

### **Completion of the Placing**

Completion of the Placing will take place on the seventh (7th) Business Days after the date on which all the conditions precedent to the Placing have been fulfilled (or such other date as the Company and the Placing Agent may agree in writing).

### **Termination of the Placing**

Notwithstanding anything contained in the Placing Agreement, the Placing Agent shall be entitled by written notice to the Company given prior to 10:00 a.m. on the Completion Date to terminate the Placing Agreement if:

- (a) there develops, occurs or comes into force:
  - (i) any new law or regulation or any change in existing laws or regulations in Hong Kong or the PRC which in the reasonable opinion of the Placing Agent has or is likely to have material and adverse effect on the financial position of the Company; or
  - (ii) any significant change (whether or not permanent) in the economic, financial, political or military conditions in Hong Kong or the PRC which in the reasonable opinion of the Placing Agent is or would be materially adverse to the success of the Placing; or
  - (iii) any significant change (whether or not permanent) in local, national or international securities market conditions Hong Kong, the PRC or the United States of America or currency exchange rates or exchange controls which in the reasonable opinion of the Placing Agent is or would be materially adverse to the success of the Placing; or make it impracticable or inadvisable or inexpedient to proceed therewith; or
  - (iv) any moratorium, suspension or material restriction of trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise at any time prior to 10:00 a.m. on the Completion Date; or

- (b) any material breach of any of the representations and warranties by the Company in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to 10:00 a.m. on the Completion Date which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect in such a manner as would in the reasonable opinion of the Placing Agent materially and adversely affect the financial position or business of the Company or there has been a breach of, or failure to perform, any other provision of this Agreement on the part of the Company; or
- (c) there is any such adverse change in the general affairs, management, business, stockholders' equity or in the financial or trading position of the Company which in the reasonable opinion of the Placing Agent is materially adverse to the success of the Placing;

then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received prior to 10:00 a.m. on the Completion Date.

#### **APPLICATION FOR LISTING**

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

#### **REASON FOR THE PLACING AND USE OF PROCEEDS**

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 and trading of metals and minerals.

The Directors have considered various ways of raising funds and consider that the Placing represents an attractive opportunity to raise capital for the Company while broadening the Shareholder base and capital base of the Company. Accordingly, the Directors consider the Placing Agreement is in the interest of the Company and the Shareholders as a whole.

Assuming the maximum number of the Placing Shares is placed, the gross proceeds from the Placing are expected to be ranged from HK\$100.0 million to HK\$140.0 million and the net proceeds from the Placing (after deducting the commission payable to the Placing Agent and other expenses incurred in the Placing) are expected to range from HK\$98.0 million to HK\$137.2 million. The Company intends to use the net proceeds from the Placing for the general working capital purpose and the development of electric bus in the PRC. The net proceeds raised per Share upon completion of the Placing will be ranged from HK\$0.098 to HK\$0.137 per Share.

## FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any fund raising activities in the past twelve months immediately preceding the date of this announcement.

## EFFECTS ON SHAREHOLDING STRUCTURE

The expected changes in the share capital and shareholding structure of the Company resulting from the Placing are as follows:

Shareholders	Existing shareholding as at the date of this announcement		Shareholding immediately upon completion of the Placing (assuming the maximum number of the Placing Shares is placed)	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Mr. Cheung Ngan (Note 1)	498,038,559	9.89	498,038,559	8.25
Entrust Limited (Note 2)	469,313,910	9.32	469,313,910	7.78
Mr. Zhou Jin Kai (Note 3)	339,280,000	6.74	339,280,000	5.62
HK Guoxin Investment Group Limited (Note 4)	740,000,000	14.69	740,000,000	12.26
<b>Public Shareholders</b>				
Placees	--	--	1,000,000,000	16.57
Other public Shareholders	2,989,414,331	59.36	2,989,414,331	49.52
<b>Total</b>	<b>5,036,046,800</b>	<b>100.00</b>	<b>6,036,046,800</b>	<b>100.00</b>

Note:

- Mr. Cheung Ngan is the chairman and executive director of the Company. The Shares of 397,120,000 is held by Mr. Cheung Ngan. The Shares of 100,918,559 is held by Faith Profit Holding Limited. Mr. Cheung Ngan held 100% interest in Faith Profit Holding Limited. Accordingly, Mr. Cheung Ngan was deemed to be interested in the Shares.

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. Ms. Chan Hoi Ying is the executive director of the Company. 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 and Ms. Siu Kwan are deemed to be interested in the shares.
3. Mr. Zhou Jin Kai is the non-executive director of the Company.
4. The Shares of 740,000,000 is held by HK Guoxin Investment Group Limited, which was wholly owned by Mr. Li Feng Mao. Accordingly, Mr. Li Feng Mao is deemed to be interested in the shares.

**Shareholders and potential investors should note that the Placing is subject to conditions precedents under the Placing Agreement to be fulfilled. As the Placing may or may not proceed, shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## **CONNECTED TRANSACTION IN RELATION TO THE APPOINTMENT OF A PLACING AGENT**

The Placing Agent, is a wholly-owned subsidiary of Yale International. Since Yale International is a substantial shareholder of the Company, the Placing Agent is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the engagement of the Placing Agent in consideration of placing commission under the Placing Agreement constitutes a connected transaction under Chapter 14A of the Listing Rules.

As all of the percentage ratios (other than the profits ratio) are less than 5% and the total consideration is less than HK\$3,000,000, the connected transaction is fully exempt from the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A.76 of the Hong Kong Listing Rules.

## **DEFINITIONS**

“AGM”	the annual general meeting of the Company held on 27 August 2018
“Associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday) on which banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	China Dynamics (Holdings) Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of the Stock Exchange
“Connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company



“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any professional, institutional or other investor(s) procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of the Placing Shares, on a best effort basis, pursuant to the terms of the Placing Agreement
“Placing Agent”	Yicko Securities Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 9 (asset management) regulated activities under the SFO
“Placing Agreement”	the conditional placing agreement dated 13 November 2018 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Period”	the period commencing upon the execution of the Placing Agreement and terminating at 5:00 p.m. on 31 January 2019 or such earlier date as notified by the Placing Agent, unless terminated earlier pursuant to the terms of the Placing Agreement
“Placing Price”	HK\$0.10 to HK\$0.14 per Placing Share. The final placing price per Placing Share shall be determined between the Company and the Placing Agent by the execution of the Price Determination Agreement on the Price Determination Date
“Placing Share(s)”	A maximum of 1,000,000,000 new Shares to be issued pursuant to the Placing Agreement
“Price Determination Agreement”	the agreement to be entered into between the Company and the Placing Agent on or before the Price Determination Date to fix and record the Placing Price
“Price Determination Date”	the date, expect to be not later than 50 Business Days after the execution of the Placing Agreement or such later date as the Company and the Placing Agent may mutually agree, on which the Placing Price is expected to be fixed for the purpose of the Placing
“PRC”	the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of the Share(s)

“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Yale International”	Yale International Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, the substantial shareholder of the Company
“%”	per cent

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

Hong Kong, 13 November 2018

*As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Cheung Ngan and Ms. Chan Hoi Ying, one non-executive Director, namely Mr. Zhou Jin Kai, and three independent non-executive Directors, namely Mr. Chan Francis Ping Kuen, Mr. Hu Guang and Dato' Tan Yee Boon.*