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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)**

**SUPPLEMENTAL AGREEMENT AND FURTHER INFORMATION ABOUT  
PLACING OF NEW SHARES UNDER GENERAL MANDATE  
AND  
CONNECTED TRANSACTION IN RELATION TO THE APPOINTMENT OF A  
PLACING AGENT**

Reference is made to the announcement of China Dynamics (Holdings) Limited (the “Company”) dated 13 November 2018 in relation to the proposed placing of new shares under general mandate and connected transaction in relation to the appointment of a placing agent (the “Announcement”). Unless otherwise defined, capitalised terms used herein shall have the respective meanings as those defined in the Announcement.

The Company and the Placing Agent entered into a supplemental agreement (the “Supplemental Placing Agreement”) to amend certain terms of the Placing Agreement. Also, in addition to the information disclosed in the Announcements, the Company wishes to provide further information regarding (i) connected transaction in relation to the appointment of a placing agent; and (ii) the intended use of proceeds.

**SUPPLEMENTAL PLACING AGREEMENT**

On 19 November 2018 (after trading hours), the Company and the Placing Agent entered into a Supplemental Placing Agreement to amend certain terms of the Placing Agreement. Details of the Supplemental Placing Agreement are as follow:

- (i) The long stop date of the Placing Agreement is amended from 31 January 2019 to 5 December 2018 (or such later date as may be agreed between the parties); and

- (ii) The Price Determination Date expect to be not later than 14 Business Days after the execution of the Placing Agreement (or such later date as may be agreed between the parties).

The Directors consider that the terms of the Supplemental Placing Agreement are on normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders as a whole. Save for the aforesaid amendment under the Supplemental Placing Agreement, there is no other change to the Placing Agreement and all other terms and conditions of the Placing Agreement shall continue to remain in full force and effect.

## **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.

Yale International are deemed to be interested in 640,000,000 shares and underlying shares (the “Shares”) for Mr. Zhou Jin Kai. The Shares beneficially owned by Mr. Zhou Jin Kai were charged to Yicko Finance Limited. The Company received notices pursuant to section 324 of Part XV of the SFO from Yicko Finance Limited and Yale International. According to these notices, Yicko Finance Limited has come to have securities interest in the Shares. Yale International held 99.99% interest in Yicko Finance Limited. Accordingly, Yale International are deemed to be interested in the shares in which Yicko Finance Limited is interested by virtue of the SFO.

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

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 utilize (i) approximately HK\$58.8 million to HK\$82.3 million, representing approximately 60% of the net proceed from the Placing, for the development of electric vehicle in the PRC, including the production costs of the electric vehicle and the development of sample vehicle; (ii) the remaining portion of approximately HK\$39.2 million to HK\$54.9 million, representing approximately 40% of the net proceed from the Placing, as general working capital of the Group.

**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.**

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

Hong Kong, 19 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.*