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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)

VOLUNTARY ANNOUNCEMENT STRATEGIC COOPERATION FRAMEWORK AGREEMENT

The board of directors (the “Board”) of China Dynamics (Holdings) Limited (the “Company”, together with its subsidiaries, the “Group”) is pleased to announce that on 15 November 2018 (after trading hours), the Company has finalised and signed a non-legally binding strategic cooperation framework agreement (the “Strategic Cooperation Framework Agreement”) with Sinomec Hydrogen Energy Technology Company Limited* (中能源工程集團氫能科技有限公司) (“Sinomec Technology”).

THE STRATEGIC COOPERATION FRAMEWORK AGREEMENT

The principal terms of the Strategic Cooperation Framework Agreement are set out as below:

- (1) To cope with the expected launch of 12.5 meters new energy vehicle by the Group in Hong Kong, Sinomec Technology will provide the 100-kilowatt full power metal plate hydrogen fuel cell engine before 15 March 2019;
- (2) To cope with the expected launch of new energy vehicle by the Group in the People Republic of China (the “PRC”), Sinomec Technology will provide the graphite plate extended range hydrogen fuel cell engine, including the 40-kilowatt and 60-kilowatt full power hydrogen fuel cell engine before 31 December 2018 for the 8.5 meters and 12.5 meters new energy vehicle, respectively;

- (3) Sinomec Technology will be responsible for the mandatory testing of the hydrogen fuel cell battery and the Group will be responsible for the field testing of the new energy vehicle equipped with the hydrogen fuel cell engine;
- (4) Sinomec Technology and the Group will negotiate and achieve consensus of the corresponding arrangement for the establishment of hydrogen gas station, including, but not limited to, the location, funding arrangement, maintenance and management, by the end of December 2018;
- (5) Sinomec Technology and the Group will further explore the cooperation opportunity in the manufacturing of hydrogen fuel cell engine and new energy vehicle; and
- (6) Sinomec Technology and the Group will collaborate in the development and commercialisation of the hydrogen fuel cell engine new energy vehicle in Guangdong-Hong Kong-Macao Greater Bay Area.

BACKGROUND INFORMATION OF SINOMECH TECHNOLOGY

Sinomec Technology, a company incorporated under the laws of the PRC with limited liability, is an direct non-wholly owned subsidiary of China Energy Engineering Group Co., Ltd.* (中國能源工程集團有限公司) (“China Energy”). China Energy is a member of China National Machinery Industry Corporation Ltd.* (中國機械工業集團有限公司) (“Sinomach Group”). Sinomach Group established in 1997, is a state-owned enterprise controlled by the State Council of the PRC and is also a Fortune 500 company. It is a diversified, internationalized and integrated equipment industry group dedicated in providing global quality services.

China Energy jointly developed the advanced hydrogen fuel cells in collaboration with the Nuclear Research Institute of Tsinghua University* (清華大學核研院), and jointly developed the vehicle system integration in collaboration with the Aerospace Power Research Institute of China Aerospace Science and Technology Group* (中國航天科技集團航太動力研究所). These parties jointly established Sinomec Technology to complete the industrialization transforming process from laboratory to manufacturing phases. Sinomec Technology, since its establishment, has served as a solid foundation in exploring and co-operating in technology with both international and PRC domestic institutions. As such, Sinomec Technology’s research achievements included the independent intellectual property rights on graphite plate reactor, metal plate reactor, vehicle system integration and its core components, hydrogenation machine and hydrogen station design. Those achievements enable Sinomec Technology to form a one-stop hydrogen fuel cell industry chain service platform.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquires, Sinomec Technology and its ultimate beneficial owners are independent of, and not connected with, the Company and any of its connected persons (as defined in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules")).

REASONS FOR AND BENEFITS OF THE STRATEGIC COOPERATION FRAMEWORK AGREEMENT

Given that direct emissions from a fuel cell vehicle are just water, and a little heat, which is a considerable improvement over the internal combustion engine's litany of greenhouse gases and thus is more environmentally friendly. In addition, the refuel of hydrogen to the fuel cell needs only a short time so as to make hydrogen fuel cell engine vehicle more feasible for long range driving. The Board expects that such advanced technology of the battery system will benefit the quality and efficiency of the new energy vehicle manufactured by the Group.

As such, the Board believes that the entering into the Strategic Cooperation Framework Agreement will (i) enhance its competitive strength and optimise the research and development and manufacture capabilities of the Company by achieving synergy through the collaboration with Sinomec Technology; and (ii) strengthen its presence in the new energy vehicle market in the PRC, including the manufacturing and application of the hydrogen fuel cell and the establishment of hydrogen gas station. The Company can prepare to meet the market challenges and capture the growing demand from customers with high quality new energy vehicle.

Shareholders and investors of the Company should note that this announcement is published as a voluntary disclosure to allow the public to understand the latest development of the Company. The transactions contemplated under the Strategic Cooperation Framework Agreement remain subject to the entering into of definitive agreements and may or may not materialize as described or at all. In the event that the legally binding agreements are signed, further announcement(s) will be made by the Company in compliance with the Listing Rules. The Shareholders and potential investor are advised to exercise caution when dealing in the shares of the Company.

** The English translation of Chinese names or words in this announcement, where indicated, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

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

Hong Kong, 21 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.