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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)

**UPDATE ON THE PROPOSED PLACING OF NEW SHARES
UNDER GENERAL MANDATE -
ENTERING INTO THE PRICE DETERMINATION AGREEMENT**

Reference is made to the announcements of the Company dated 13 November 2018, 19 November 2018 and 5 December 2018 (the “Announcements”) in relation to the proposed placing of new shares of the Company under a general mandate. Unless otherwise stated, terms used in this announcement shall have the same meanings as those defined in the Announcements.

PRICE DETERMINATION AGREEMENT

On 19 December 2018, the Company and the Placing Agent entered into the Price Determination Agreement pursuant to which the Placing Price under the Placing has been determined at HK\$0.10 per Placing Share (the “Final Placing Price”). The Company has conditionally agreed to place, through the Placing Agent, on a best effort basis, a maximum of 1,000,000,000 Placing Shares at the Final Placing Price.

The Final Placing Price of HK\$0.10 per Placing Share represents (i) a discount of approximately 7.41% to the closing price of HK\$0.108 per Share as quoted on the Stock Exchange on the date of the Announcement; and (ii) a discount of approximately 9.10% to the average closing price of approximately HK\$0.11 per Share as quoted on the Stock Exchange for the last five consecutive trading days of the Shares prior to the date of the Announcement.

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 total issued share capital of the Company of 6,036,046,800 Shares as enlarged by the allotment and issue of 1,000,000,000 Placing Shares. The aggregate nominal value of the Placing Shares under the Placing is HK\$10,000,000.

PROCEEDS FROM THE PLACING

Based on the Final Placing Price of HK\$0.10 per Placing Share, the gross proceeds from the maximum number of Placing Shares will amount to HK\$100.0 million. The net proceeds from the maximum number of Placing Shares, after the deduction of the placing commission and other related expenses, are estimated to be approximately HK\$97.9 million, representing a net issue price of approximately HK\$0.098 per Placing Share.

EFFECTS ON SHAREHOLDING STRUCTURE

The expected changes in the share capital and shareholding structure of the Company resulting from the maximum number of 1,000,000,000 Placing Shares 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
Public Shareholders				
Placees	--	--	1,000,000,000	16.57
Other public Shareholders	2,989,414,331	59.36	2,989,414,331	49.52
Total	5,036,046,800	100.00	6,036,046,800	100.00

Note:

1. 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.

APPLICATION FOR LISTING

Application will be made to the Stock Exchange to grant the listing of, and permission to deal in, the Placing Shares.

EXPECTED TIMETABLE

It is expected that completion of the Placing will take place within 7 Business Days after fulfilment of the conditions precedent set out in the Placing Agreement, as mentioned in the Announcements, or such other date as the Company and the Placing Agent may agree in writing. Further announcement will be made by the Company upon completion.

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 December 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.