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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)

ADOPTION OF SHARE AWARD PLAN

The Board is pleased to announce that on 8 May 2019, it approved the adoption of a share award plan (the “**Plan**”).

The Plan does not constitute a share option scheme or an arrangement involving the grant of options to participants over new Shares or other new securities of the Company which is analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules, and is not required to comply with the rules thereunder. No Shareholders’ approval is required for adoption of the Plan.

A summary of the principal terms of the Plan is set out in this announcement.

Purpose of the Plan

The purpose of the Plan is to recognise and reward the contribution of Eligible Participants to the growth and development of the Group, to give incentives to Eligible Participants in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

Administration

The Plan shall be subject to the administration of the Board. In doing so, the Company has entered into the Trust Deed with the Trustee on 8 May 2019 to facilitate the subscription for, purchase, holding and/ or vesting of the Shares held by the Trustee for the benefit of the Selected Participants. In addition, the remuneration committee of the Company is also entitled to recommend and/ or decide the selection of the Selected Participants, as well as the number of Awarded Shares to be awarded to the relevant Selected Participants pursuant to the Plan.

Eligibility

Under the rules constituting the Plan, the following classes of participants (excluding the Excluded Participants) (the “**Eligible Participants**”) are eligible for participation in the Plan:

- (a) any employee (whether full time or part time, including any executive director but excluding any non-executive director) of the Company, any Subsidiary or any Invested Entity (an “**Employee**”);
- (b) any non-executive directors (including independent non-executive directors) of the Company, any Subsidiary or any Invested Entity;
- (c) any adviser (professional or otherwise), consultant to or expert in any area of business or business development of any member of the Group or any Invested Entity; and
- (d) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group,

and, for the purposes of the Plan, an Award may be made to any company wholly owned by one or more of the above participant.

The eligibility of any of the Eligible Participants to an Award shall be determined by the Board from time to time on the basis of the Board’s opinion as to his contribution and/or future contribution to the development and growth of the Group.

Share Pool

In order to satisfy any Award to be granted under the Plan from time to time and subject to the scheme limit set out below, the Trustee shall maintain a Share Pool which shall comprise the following:

- (a) such Shares as may be purchased by the Trustee on the Stock Exchange or off the market by utilising the funds allocated by the Board out of the Company’s resources, any dividends and other distributions declared and made in respect of any Awarded Shares, or by utilising proceeds from, among other matters, sale of non-cash distribution declared by the Company on the Shares held by the Trustee, or sale of nil-paid rights provisionally allotted to the Shares held by the Trustee upon a rights issue etc.;

- (b) such Shares as may be subscribed by the Trustee by utilising the funds allocated by the Board out of the Company's resources, any dividends and other distributions declared and made in respect of any Awarded Shares, or by utilising proceeds from, among other matters, sale of non-cash distribution declared by the Company on the Shares held by the Trustee, or sale of nil-paid rights provisionally allotted to the Shares held by the Trustee upon a rights issue etc., subject to the Company having obtained the requisite Shareholders' approval of general mandate or specific mandate in a general meeting for the allotment and issue of new Shares, the grant of listing of and permission to deal in such Shares by the Stock Exchange, and compliance with the applicable requirements under the Listing Rules;
- (c) such Shares as may be allotted or issued to the Trustee as a holder of Shares, whether by way of scrip dividend or otherwise; and
- (d) the Returned Shares.

The Trustee shall purchase the Shares on the Stock Exchange at the prevailing market price (subject to such maximum price as may be from time to time prescribed by the Board), or off the market. In the event that the Trustee effects any purchases by off-market transactions, the purchase price for such purchases shall not be higher than the lower of the following: (i) the closing market price on the date of such purchase, and (ii) the average closing market price for the five preceding trading days on which the Shares were traded on the Stock Exchange.

Where any Award is proposed to be made to a connected person and the relevant Award of the Awarded Shares is to be satisfied by an allotment and issue of new Shares, the Award shall be separately approved by the Shareholders in general meeting with such connected person and his associates abstaining from voting and shall comply with all other requirements of Chapter 14A of the Listing Rules applicable to such Award.

Award of Shares

The Board shall, subject to and in accordance with the rules of the Plan, be entitled to make an Award out of the Share Pool to any of the Eligible Participants (excluding any Excluded Participant) such number of Shares as it shall determine pursuant to the Plan.

The Board shall notify the Trustee in writing upon the making of an Award under the Plan by giving the Trustee an award notice. The Trustee shall then set aside such number of Shares awarded from the Share Pool and hold the same (excluding, among other matters, any dividends or distributions declared in respect of such Shares) pending the vesting of the same to the Selected Participant.

The making of an Award to any connected person of the Company shall be subject to compliance with the applicable Listing Rules.

No Award may be made by the Board during the periods as prescribed under the paragraph “Black-out Period” below.

Voting rights

The Trustee shall not exercise the voting rights in respect of the Shares held under trust constituted by the Trust Deed (including but not limited to any Shares in the Share Pool, the Awarded Shares, the Further Shares, the Returned Shares, any bonus Shares and scrip Shares derived therefrom).

Equity issue

During the period after an Award has been made and before the Shares are vested in the Selected Participant, if the Company offers to Shareholders new Shares or other securities for subscription by way of rights, options or warrants and no amount is required to be payable by the Shareholders for such rights, options or warrants, the Trustee may, at its discretion and after consulting the Board, either sell or take steps to exercise any nil-paid rights, options or warrants allocated to it in respect of the Awarded Shares. The net proceeds of such sale (if so sold) shall be applied to subscription for and/or purchase of Shares for the Share Pool. On the other hand, if the Company offers to the Shareholders new Shares for subscription by way of rights, options, warrants or open or preferential offer and consideration is required to be paid for the taking up and/or the exercise of such rights, options, warrants or open or preferential offer, the Trustee may, at its discretion and after consulting the Board, either decline to or take steps to take up, purchase and/or subscribe for such rights, options, warrants or open or preferential offer.

Vesting of the Awarded Shares

The Board may from time to time, at its discretion, determine the earliest Vesting Date and other subsequent date(s) on which the Trustee may vest the legal and beneficial ownership of the Awarded Shares, and/or any condition(s) or performance target(s), if any, to be attained by the relevant Selected Participant, before any of the Awarded Shares may be transferred to and vested in such Selected Participant.

At any time prior to a Vesting Date, unless the Board otherwise determines, in respect of a Selected Participant who died, all the Awarded Shares of the Selected Participant shall be deemed to be vested on the Selected Participant on the day immediately prior to his death.

Black-out Period

The Board may not make any Award, and may not give any instruction to the Trustee to acquire Shares for the purpose of increasing the Shares in the Share Pool, when inside information has come to the Company’s knowledge until such inside information has been published in accordance with the Securities and Futures Ordinance.

The Board may not make any Award to any Eligible Participant or give any instruction to the Trustee to acquire Shares for the purpose of increasing the Shares in the Share Pool during the periods or times in which the Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company. In particular, during the period preceding the publication of financial results in which the Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company and up to the date of publication of the relevant financial results, no Award may be made and no instruction may be given by the Board to the Trustee to acquire Shares for the purpose of increasing the Shares in the Share Pool.

Lapse of Award

In the event

- (a) a Selected Participant ceases to be an Employee (except a deceased Selected Participant as set out in the paragraph headed “Vesting of the Awarded Shares” above); or
- (b) where an Award is made to a wholly-owned company of a Selected Participant who is an Employee, such company ceases to be wholly-owned by such Selected Participant while he remains an Employee; or
- (c) the Subsidiary or Invested Entity by which a Selected Participant is employed or, in respect of a deceased Selected Participant set out in paragraph headed “Vesting of the Awarded Shares” above, was employed immediately prior to his death, ceases to be a Subsidiary or Invested Entity of the Company (or of a member of the Group), or
- (d) the Board at its absolute discretion determines in respect of a Selected Participant (other than a Selected Participant who is an Employee) that:
 - (i) the Selected Participant or his associate has committed any breach of any contract entered into between the Selected Participant or his associate on one part and any member of the Group or any Invested Entity on the other part as the Board may in its absolute discretion determine; or
 - (ii) the Selected Participant has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or
 - (iii) the Selected Participant could no longer make any contribution to the growth and development of any member of the Group or the Invested Entity by reason of the cessation of its relationship with the Group or its Invested Entity or by any other reasons whatsoever; or
- (e) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company),

(each of the above is referred to as a “**Total Lapse**”)

an Award shall automatically lapse forthwith, and the Awarded Shares shall not vesting the relevant Vesting Date but shall become Returned Shares, forming part of the Share Pool.

In the event that (i) a Selected Participant is found to be an Excluded Participant or (ii) a Selected Participant fails to return duly executed transfer documents prescribed by the Trustee for transfer of the Awarded Shares, the relevant part of an Award made to such Selected Participant shall lapse and the relevant Awarded Shares shall not vest on the relevant Vesting Date and shall become Returned Shares, forming part of the Share Pool.

Scheme limit

The overall limit on the total number of Shares (including Awarded Shares) which may be purchased and/or subscribed under the Plan and any other share award scheme of the Company at any time shall not, in aggregate, exceed such number of Shares as equals 30% of the Shares in issue from time to time (the “**Overall Limit**”).

The maximum number of Shares to be (i) subscribed for by the Trustee pursuant to the Plan and (ii) to be issued under any other share award scheme of the Company shall not exceed 10% of the total number of issued Shares as at the Adoption Date (the “**Max New Shares Threshold**”). Awards lapsed or cancelled in accordance with the terms of the Plan will not be counted for the purpose of calculating the Max New Shares Threshold.

The maximum number of Shares which may be subject to an Award or Awards to a Selected Participant in the 12-month period up to and including the date of grant of such Award shall not in aggregate exceed 1% of the total number of issued Shares as at the date of grant of such Award.

Rights attaching to the Awards

An Award shall be personal to the Selected Participant and shall not be transferable or assignable and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any security or adverse interest in favour of any third party over or in relation to an Award or enter or purport to enter into any agreement to do so.

The Selected Participants shall not have any right to receive any Awarded Shares set aside for them unless and until the Trustee has transferred and vested the legal and beneficial ownership of such Awarded Shares to and in the Selected Participants.

Alteration of the Plan

The Plan may be altered by the prior sanction of a Board resolution together with the prior written consent of the Trustee, provided that no such alteration shall operate to affect adversely any rights of any Selected Participant in respect of his Awarded Shares which remain unvested except with the

consent in writing of the majority of the Selected Participants whose Awarded Shares remained unvested on that date, as would be required of the holders of Shares under the bye-laws of the Company for a variation of the rights attached to such Shares.

Duration of the Plan and termination of the Plan

The Plan shall be valid and effective for a period of 10 years commencing from the Adoption Date but may be terminated earlier as determined by the Board, provided that such termination shall not affect any subsisting rights of any Selected Participant hereunder.

Upon termination of the Plan,

- (i) subject to the decision of the Board, all the Awarded Shares shall become vested on the Selected Participant on the date of termination of the Plan, save in respect of a Total Lapse;
- (ii) the Returned Shares and such non-cash income remaining in the trust fund shall be sold by the Trustee, within 21 Business Days (on which the trading of the Shares has not been suspended) of receiving notice of such termination of the Plan (or such longer period as the Board may otherwise determine); and
- (iii) any residual cash, net proceeds of sale referred to in sub-paragraph (ii) above and such other funds remaining in the trust constituted by the Trust Deed shall be remitted to the Company forthwith after the sale.

IMPLICATIONS UNDER THE LISTING RULES

The Plan does not constitute a share option scheme or an arrangement involving the grant of options to participants over new Shares or other new securities of the Company which is analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules and is not required to comply with the rules thereunder. No Shareholders' approval is required for the adoption of the Plan.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

“Adoption Date”	8 May 2019, being the date on which the Plan is adopted by the Board
“associate”	has the meaning ascribed to it under the Listing Rules
“Award”	a provisional award of Awarded Shares made in accordance with the Plan
“Awarded Shares”	the Share(s) provisionally awarded to a Selected Participant pursuant to an Award

“Board”	the board of Directors
“Company”	China Dynamics (Holdings) Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Eligible Participant(s)”	has the meaning ascribed to it under the paragraph headed “Eligibility” in this announcement
“Employee(s)”	has the meaning ascribed to it under the paragraph headed “Eligibility” in this announcement
“Excluded Participant(s)”	any person who is resident in a place where the award of the Awarded Shares and/or the vesting and transfer of Shares pursuant to the terms of the Plan is not permitted under the laws and regulations of such place or where in the view of the Board or the Trustee (as the case may be) compliance with applicable laws and regulations in such place make it necessary or expedient to exclude such person
“Further Shares”	Shares purchased or subscribed by the Trustee out of net proceeds of sale of non-cash and non-scrip distributions declared and distributed by the Company in respect of Shares held upon the trust constituted by the Trust Deed
“Group”	the Company and the Subsidiaries
“Invested Entity”	any entity in which any member of the Group holds any equity interest
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Plan”	the share award plan of the Company, which has become effective on the Adoption Date, as altered from time to time
“Returned Shares”	such Awarded Shares which are not vested and/or which are

forfeited in accordance with the terms of the Plan, or such Shares being deemed to be Returned Shares

“ Selected Participant(s) ”	any Eligible Participant for whom Shares have been provisionally set aside pursuant to an Award
“ Shares ”	ordinary shares of the Company
“ Shareholders ”	holders of the Shares
“ Share Pool ”	the pool of Shares from which an Award shall be made
“ Stock Exchange ”	The Stock Exchange of Hong Kong Limited
“ Subsidiary(ies) ”	a company which is for the time being and from time to time a subsidiary (within the meaning of Division 4 of Part 1 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) of the Company, whether incorporated in Hong Kong or elsewhere
“ Trust Deed ”	the trust deed entered into between the Company as settlor and the Trustee as trustee on 8 May 2019 for the purpose of implementing the Plan
“ Trust Fund ”	the capital and income held under the Trust and managed by the Trustee in accordance with the terms of the Trust Deed
“ Trustee ”	Acheson Limited
“ Vesting Date ”	in relation to any Selected Participant, the date on which the legal and beneficial ownership of the Awarded Shares are vested in such Selected Participant pursuant to an Award

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

Hong Kong, 8 May 2019

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.