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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)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF ITS PARTIAL EQUITY INTEREST IN RIMAC**

#### **THE DISPOSAL**

The Board is pleased to announce that on 16 August 2019 (after trading hours), the Company and the Purchaser entered into the Share Purchase Agreement, pursuant to which the Company has conditionally agreed to sell, and the Purchaser has agreed to purchase, the Sale Share at the consideration of EUR8,033,625 (equivalent to approximately HK\$70,695,900), which shall be settled by cash by the Purchaser upon completion.

#### **LISTING RULES IMPLICATION**

As one or more of the applicable percentage ratios of the Disposal exceeds 5% and all of the applicable percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

#### **INTRODUCTION**

On 16 August 2019 (after trading hours), the Company and the Purchaser entered into the Share Purchase Agreement, pursuant to which the Company has conditionally agreed to sell, and the Purchaser has agreed to purchase, the Sale Share at the consideration of EUR8,033,625 (equivalent to approximately HK\$70,695,900), which shall be settled by cash by the Purchaser upon completion. The Share Purchase Agreement is subject to and upon the principal terms and conditions as disclosed below.

# THE SHARE PURCHASE AGREEMENT

## Date

16 August 2019 (after trading hours)

## Parties

Vendor: The Company

Purchaser: Porsche Engineering Group GmbH, a company incorporated under the laws of Federal Republic of Germany and one of the shareholders of Rimac

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Purchaser is a third party independent of the Company and its connected persons.

## Assets to be disposed of

The Sale Share represented one share of Rimac in the nominal value of HRK3,823,400, representing approximately 5.13% equity interest in Rimac as at the date of this announcement.

## Consideration

The consideration for the Sale Share is EUR8,033,625 (equivalent to approximately HK\$70,695,900) and shall be settled by cash by the Purchaser upon completion.

The Consideration was arrived at after arm's length negotiations between the parties thereto and on normal commercial terms after taking into account the fair value of the investment in Rimac as stated in the annual report of the Group for the year ended 31 March 2019.

## Conditions Precedent

Completion is conditional upon the fulfilment or wavier of the following conditions before the Long Stop Date:

- (a) The Rimac Share with the nominal value of HRK5,354,000 held by the Company as at the date of this announcement shall be divided into (i) one share of Rimac with nominal amount of HRK1,530,600 (the "**Remaining Share**"); and (ii) the Sale Share, pursuant to the decision of shareholders' meeting of Rimac;
- (b) The Company shall make all reasonable efforts to obtain approval in writing from Rimac for transfer of the Sale Share;
- (c) The settlement of the Consideration by the Purchaser; and
- (d) The execution of the legal instrument required under the laws of the Republic of Croatia for the transfer of Rimac Share that need to be duly executed by both the Company and the Purchaser in the legally required notary public form of solemnized (authenticated) notary public deed in the Croatian language.

Completion will take place after the fulfilment of the above conditions precedent.

## **Termination**

The Share Purchase Agreement may be subject to the relevant terms and conditions, be terminated prior to the Long Stop Date in the event of (i) a mutual written agreement of the Purchaser and the Company; (ii) if any party has breached any of its representations and warranties contained in the Share Purchase Agreement and such breach cannot be rectified or is not rectified within 15 days after being notified in writing of the same, the other party may terminate the Share Purchase Agreement; and (iii) any of the conditions precedent under the Share Purchase Agreement as disclosed above is not fulfilled.

## **INFORMATION ON RIMAC**

Rimac is a company incorporated in the Republic of Croatia with limited liability, and principally engaged in development, manufacturing, and sale of (i) electric sports cars; (ii) drivetrains; and (iii) battery technology systems for use in vehicles, bikes, bicycles and other motor vehicles. As at the date of this announcement, the Company is interested in approximately 7.19% of equity interest in Rimac.

Set out below is a summary of the audited financial information of Rimac for the two financial years ended 31 December 2017 and 2018:

### **For the year ended 31 December**

	<b>2018</b>	<b>2017</b>
	(audited)	(audited)
	<i>HRK '000</i>	<i>HRK '000</i>

Net loss before taxation	22,178	49,934
Net loss after taxation	19,893	43,358

The audited total assets value of Rimac as at 31 December 2018 and 31 December 2017 was HRK407.4 million (equivalent to approximately HK\$484.8 million) and HRK258.1 million (equivalent to approximately HK\$307.1 million) respectively. The audited net assets value of Rimac as at 31 December 2018 and 31 December 2017 was HRK317.0 million (equivalent to approximately HK\$377.2 million) and HRK212.1 million (equivalent to approximately HK\$252.4 million) respectively.

## **INFORMATION ON THE PURCHASER**

The Purchaser, Porsche Engineering Group GmbH, is a company incorporated under the laws of Federal Republic of Germany and one of the shareholders of Rimac, is a German automobile manufacturer specializing in high-performance sports cars, sport utility vehicles and sedans.



“Consideration”	EUR8,033,625
“Connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Share by the Company pursuant to the Share Purchase Agreement
“EUR”	European dollars, the lawful currency in the European Union
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of Stock Exchange
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administration Region of the PRC
“HRK”	Croatian Kuna, the lawful currency of Croatia
“Long Stop Date”	31 December 2019
“PRC”	the People’s Republic of China
“Purchaser”	Porsche Engineering Group GmbH
“Rimac”	Rimac Automobili d.o.o.
“Rimac Share(s)”	issued share(s) of Rimac
“Sale Share”	one share of Rimac with nominal value of HRK3,823,400

“Share Purchase Agreement”	the share purchase agreement dated 16 August 2019 entered into between the Purchaser and the Company in relation to the Disposal
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	the holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“% ”	per cent

*For illustration purpose only and unless otherwise stated, the conversion of HRK to HK\$ is based on the exchange rate of HRK1.00 = HK\$1.19 and EUR to HK\$ is based on the exchange rate of EUR1.00 = HK\$8.80. The above exchange rate is for the purposes of illustration only and do not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.*

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

Hong Kong, 16 August 2019

*The English text of this announcement shall prevail over the Chinese text in case of inconsistencies.*

*As of 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.*