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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)

PROPOSED PLACING OF NEW SHARES UNDER GENERAL MANDATE

THE PLACING

On 14 May 2021 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company has conditionally agreed to issue and has appointed the Placing Agent to procure the Placees for, during the Placing Period, on a best effort basis, a maximum of 1,000,000,000 Placing Shares at a price of HK\$0.15 per Placing Share.

The Placing Price of HK\$0.15 per Placing Share represents (i) a premium of approximately 7.14% to the closing price of HK\$0.14 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a premium of approximately 9.49% to the average closing price of approximately HK\$0.137 per Share as quoted on the Stock Exchange for the last five consecutive trading days of the Shares immediately prior to the date of the Placing Agreement.

The maximum number of 1,000,000,000 Placing Shares represent (i) approximately 11.99% of the existing issued share capital of the Company of 8,338,806,800 Shares as at the date of this announcement; and (ii) approximately 10.71% of the issued share capital of the Company of 9,338,806,800 Shares as enlarged by allotment and issue of the Placing Shares, subject to completion of the Placing. The aggregate nominal value of the Placing Shares under the Placing will be HK\$10,000,000.

Assuming the maximum number of the Placing Shares is placed, the gross proceeds and net proceeds from the Placing (after deducting the commission payable to the Placing Agent and other expenses incurred in the Placing) are expected to be HK\$150.0 million and HK\$149.9 million respectively. The Company intends to use the net proceeds from the Placing for (i) the development of the electric vehicle business of the Group; and (ii) general working capital of the Group. The net proceeds raised per Share upon completion of the Placing will be approximately HK\$0.1499 per Share.

The Placing Shares to be placed under the Placing Agreement will be issued pursuant to the General Mandate to allot, issue and deal with Shares granted to the Directors at the AGM to not fewer than six Placees who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

THE PLACING AGREEMENT

Date

14 May 2021 (after trading hours)

Parties

- (a) the Company; and
- (b) the Placing Agent.

Placing Agent

The Placing Agent has conditionally agreed to procure the Placees for, during the Placing Period, a maximum of 1,000,000,000 Placing Shares, on a best effort basis, and will receive a placing commission of 3.0% on the gross proceeds of the number of Placing Shares being placed. Such placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market rate.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are third party independent of and are not connected with the Company and its connected persons.

Placees

The Placing Agent will place, on a best effort basis, the Placing Shares to not fewer than six Placees, who and whose ultimate beneficial owners will be third parties independent of and not connected with the Company, connected persons of the Company and any of the Directors, chief executive or substantial shareholder(s) of the Company or any of its subsidiaries or their respective Associates. Further announcement setting out the names of the Placees in accordance with Rule 13.28(7) of the Listing Rules shall be made by the Company if the number of Placees is less than six. It is expected that none of the Placees will become a substantial shareholder of the Company immediately after completion of the Placing. If any of the Placees becomes a new substantial shareholder of the Company after the completion of the Placing, further announcement will be made by the Company.

Number of Placing Shares

The maximum number of 1,000,000,000 Placing Shares represents (i) approximately 11.99% of the existing issued share capital of the Company of 8,338,806,800 Shares as at the date of this announcement; and (ii) approximately 10.71% of the issued share capital of the Company of 9,338,806,800 Shares as enlarged by the Placing. The aggregate nominal value of the Placing Shares under the Placing will be HK\$10,000,000.

Ranking of Placing Shares

The Placing Shares, when allotted and issued, will rank pari passu in all respects among themselves, free from all claims, charges, liens, encumbrances, equities and other third-party rights of any nature whatsoever, and with Shares in issue as at the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.15 per Placing Share represents:

- (i) a premium of approximately 7.14% to the closing price of HK\$0.14 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a premium of approximately 9.49% to the average closing price of approximately HK\$0.137 per Share as quoted on the Stock Exchange for the last five consecutive trading days of the Shares prior to the date of the Placing Agreement.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

The Placing Shares

The Placing Shares will be issued under the General Mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with Shares subject to the limit up to 20% of the then issued share capital of the Company as at the date of the AGM. Under the General Mandate, the Company is authorised to issue up to 1,370,978,640 Shares.

Prior to the date of the Placing Agreement, the Company has utilized the power to allot and issue 268,000,000 and 97,000,000 new Shares as disclosed respectively in the announcement of the Company dated 18 March 2021 and 13 April 2021 pursuant to such mandate and has the power to issue up to 1,005,978,640 Shares under the General Mandate as at the date of this announcement. Accordingly, the issue of the Placing Shares is not subject to the Shareholders' approval.

Conditions of the Placing Agreement

Completion of the Placing Agreement is conditional upon:

- (i) the Listing Committee of the Stock Exchange having granted approval for the listing of, and permission to deal in the Placing Shares and such approval and permission not subsequently being revoked or withdrawn; and
- (ii) the obligations of the Placing Agent under the Placing Agreement becoming unconditional and not being terminated in accordance with the terms of the Placing Agreement.

If any of the conditions precedents under the Placing Agreement is not fulfilled on or before 4 June 2021 (or such later date as may be agreed between the parties), the Placing Agreement and all rights and obligations thereunder will cease and terminate and neither of the parties shall have any claim against the other for any costs, damages, compensation or otherwise (except (i) any liabilities in respect of the undertakings by the Company, undertakings by the Placing Agent and indemnity; and (ii) any antecedent breaches of the Placing Agreement).

Completion of the Placing

Completion of the Placing will take place on the seventh (7th) Business Days after the date on which all the conditions precedent to the Placing have been fulfilled (or such other date as the Company and the Placing Agent may agree in writing).

Termination of the Placing

Notwithstanding anything contained in the Placing Agreement, the Placing Agent shall be entitled by written notice to the Company given prior to 10:00 a.m. on the Completion Date to terminate the Placing Agreement if:

- (a) there develops, occurs or comes into force:
 - (i) any new law or regulation or any change in existing laws or regulations in Hong Kong or the PRC which in the reasonable opinion of the Placing Agent has or is likely to have material and adverse effect on the financial position of the Company; or
 - (ii) any significant change (whether or not permanent) in the economic, financial, political or military conditions in Hong Kong or the PRC which in the reasonable opinion of the Placing Agent is or would be materially adverse to the success of the Placing; or
 - (iii) any significant change (whether or not permanent) in local, national or international securities market conditions Hong Kong, the PRC or the United States of America or currency exchange rates or exchange controls which in the reasonable opinion of the Placing Agent is or would be materially adverse to the success of the Placing; or make it impracticable or inadvisable or inexpedient to proceed therewith; or
 - (iv) any moratorium, suspension or material restriction of trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise at any time prior to 10:00 a.m. on the Completion Date; or
- (b) any material breach of any of the representations and warranties by the Company in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to 10:00 a.m. on the Completion Date which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect in such a manner as would in the reasonable opinion of the Placing Agent materially and adversely affect the financial position or business of the Company or there has been a breach of, or failure to perform, any other provision of this Agreement on the part of the Company; or
- (c) there is any such adverse change in the general affairs, management, business, stockholders' equity or in the financial or trading position of the Company which in the reasonable opinion of the Placing Agent is materially adverse to the success of the Placing;

then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received prior to 10:00 a.m. on the Completion Date.

APPLICATION FOR LISTING

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

INFORMATION OF THE GROUP

The principal activity of the Company is investment holding. The principal activities of the subsidiaries of the Company consist of investment holding, development of new energy business and trading of metals and minerals.

REASON FOR THE PLACING AND USE OF PROCEEDS

With the measures imposed by various government in response to COVID-19 pandemic began to relax, the first logs of electric vehicles produced by the Company have been delivered to its overseas customers and positive feedback has been received. The Company is now accelerating the pace of overseas market expansion and is expected to receive further sizable orders for its electric vehicles from overseas customers in the near future. The Directors believes that the Company shall continue to take hold of vast business opportunity in the overseas emerging market to further develop its electric vehicle business. As such, the Directors are of view that the Group may require additional working capital for development of the electric vehicle business and general working capital of the Group.

The Directors have considered various ways of raising funds and consider that the Placing represents an attractive opportunity to raise capital for the Company while broadening the Shareholder base and capital base of the Company. Accordingly, the Directors (including the independent non-executive Directors) consider the Placing Agreement (including the Placing Price) and the transactions contemplated thereunder are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Assuming the maximum number of the Placing Shares is placed, the gross proceeds and net proceeds from the Placing (after deducting the commission payable to the Placing Agent and other expenses incurred in the Placing) are expected to be HK\$150.0 million and HK\$149.9 million respectively. The Company intends to use the net proceeds from the Placing for (i) the development of the electric vehicle business of the Group, in particular in overseas; and (ii) general working capital of the Group. The net proceeds raised per Share upon completion of the Placing will be approximately HK\$0.1499 per Share.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has conducted the following fund raising activities in the past twelve months immediately preceding the date of this announcement:

Date of announcement	Fund raising activities	Net proceeds	Intended use of proceeds as announced	Actual use of proceeds
18 March 2021	Subscription of 268,000,000 Shares under the general mandate, at the subscription price of HK\$0.145 per subscription share	Approximately HK\$38.76 million	For (i) the development of the electric vehicle business of the Group; and (ii) general working capital of the Group.	Approximately HK\$10.4 million have been used as intended. The remaining balance are currently kept in an interest bearing bank account pending for usage.

Save as disclosed above, the Company has not conducted any capital raising activities for the 12 months immediately before the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 8,338,806,800 Shares in issue. Set out below is a table showing the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon completion of the Placing, assuming there is no other change to the share capital and in the shareholding structure of the Company between the date of this announcement and completion of the Placing:

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)	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Mr. Cheung Ngan (<i>Note 1</i>)	720,624,959	8.64	720,624,959	7.72
Entrust Limited (<i>Note 2</i>)	982,727,510	11.78	982,727,510	10.52
HK Guoxin Investment Group Limited (<i>Note 3</i>)	740,000,000	8.87	740,000,000	7.92
Public Shareholders				
Placees	--	--	1,000,000,000	10.71
Other public Shareholders	5,895,454,331	70.71	5,895,454,331	63.13
Total	8,338,806,800	100.00	9,338,806,800	100.00

Note:

1. Mr. Cheung Ngan is the chairman and executive director of the Company. The 720,624,959 Shares of which 498,038,559 Shares is held by Mr. Cheung Ngan and 222,586,400 Shares is held by Faith Profit Holding Limited. Mr. Cheung Ngan holds 100% interest in Faith Profit Holding Limited. Accordingly, Mr. Cheung Ngan is deemed to be interested in those Shares by virtue of the SFO.
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's 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 those Shares by virtue of the SFO.
3. 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 those Shares by virtue of the SFO.

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.

DEFINITIONS

“AGM”	the annual general meeting of the Company held on 31 August 2020
“Associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day, other than a Saturday and a day on which a tropical cyclone warning no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m., on which licensed banks in Hong Kong are open for general banking business throughout their normal business hours
“Company”	China Dynamics (Holdings) Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of the Stock Exchange
“Connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 1,370,978,640 Shares, being 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any professional, institutional or other investor(s) procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of the Placing Shares, on a best effort basis, pursuant to the terms of the Placing Agreement
“Placing Agent”	Yicko Securities Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 9 (asset management) regulated activities under the SFO
“Placing Agreement”	the conditional placing agreement dated 14 May 2021 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Period”	the period commencing upon the execution of the Placing Agreement and terminating at 5:00 p.m. on 4 June 2021 or such earlier date as notified by the Placing Agent, unless terminated earlier pursuant to the terms of the Placing Agreement
“Placing Price”	HK\$0.15 per Placing Share.
“Placing Share(s)”	A maximum of 1,000,000,000 new Shares to be issued pursuant to the Placing Agreement
“PRC”	the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“%”	per cent

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

Hong Kong, 14 May 2021

As at the date of this announcement, the Board comprise three executive Directors, namely Mr. Cheung Ngan, Ms. Chan Hoi Ying and Mr. Miguel Valldecabres Polop, and three independent non-executive Directors, namely Mr. Chan Francis Ping Kuen, Mr. Hu Guang and Dato’ Tan Yee Boon.