

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

SUPPLEMENTAL AGREEMENT REGARDING THE DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF ITS EQUITY INTEREST IN RIMAC

BACKGROUND

Reference is made to the announcement of the Company dated 16 August 2019 (the “**Initial Announcement**”) in relation to the share purchase agreement entered into between the Purchaser and the Company, pursuant to which the Purchaser has conditionally agreed to purchase, and the Company has conditionally agreed to sell, one share of Rimac with nominal value of HRK3,823,400 at the consideration of EUR8,033,625 (equivalent to approximately HK\$70,695,900). Unless otherwise specified, capitalised terms used in this announcement shall have the same meanings as set out in the Initial Announcement.

SUPPLEMENTAL AGREEMENT

On 4 September 2019 (after trading hours), the Purchaser and the Company entered into the supplemental agreement (the “**Supplemental Agreement**”) to amend and restate the terms of the Share Purchase Agreement. Major terms and conditions of the Supplemental Agreement are set out below:

Date : 4 September 2019

Parties : (1) The Company, as the Vendor; and
(2) Porsche Engineering Group GmbH , as the Purchaser

Continuing Obligations : (1) The amendments and restatement as set out in the Supplemental Agreement shall enter into force on the signing date of the Supplemental Agreement, i.e. 4 September 2019; and

- (2) Save for the amendments and restatement as set out in the Supplemental Agreement, all other provisions of the Share Purchase Agreement shall remain fully in force and make legal effects between the Purchaser and the Company.

Amendments and Restatement : Please refer to the section headed “Amendments and Restatement” below

AMENDMENTS AND RESTATEMENT

Pursuant to the Supplement Agreement, (i) the Share Purchase Agreement shall be amended and restated so that it shall be read and be construed for all purposes as set out in the schedule of the Supplement Agreement (the “**Amended Share Purchase Agreement**”); and (ii) the Share Purchase Agreement will be amended and/or supplemented by the Supplemental Agreement so that all references to the “Share Purchase Agreement” therein shall be read and construed as references to the Share Purchase Agreement as amended and supplemented from time to time, including the Supplemental Agreement.

Below is the comparison of differences of the major terms and conditions between the Share Purchase Agreement and the Amended Share Purchase Agreement:

	Share Purchase Agreement	Amended Share Purchase Agreement
Assets involved, i.e. the Sale Share	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 the Initial Announcement	One share of Rimac in the nominal value of HRK5,354,000, representing approximately 6.20% equity interest in Rimac as at the date of this announcement
Consideration of the Sale Share	EUR8,033,625 (equivalent to approximately HK\$70,695,900)	EUR11,250,000 (equivalent to approximately HK\$99,000,000)

Save for the above, all other major terms and conditions set out in the Amended Share Purchase Agreement are the same as those of the Share Purchase Agreement.

Consideration

The consideration for the Sale Share (as amended) is EUR11,250,000 (equivalent to approximately HK\$99,000,000) and shall be settled by cash by the Purchase 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.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL AGREEMENT

As stated in the Initial Announcement, the Company received an offer for partial of the Rimac Share held by the Company. The Directors are of the view that the Disposal may realise its investment in Rimac which will result in positive cash inflow or the operation of the Group. Since the Purchaser further extended the offer to all the Rimac Share held by the Company, the Directors consider it as an opportunity for the Company to fully realise its investment in Rimac.

For the use of proceeds, the Company reminds its intention to use the net proceed from the Disposal for its general working capital and development of the technology in manufacturing electric vehicles in the PRC.

The Directors are of the view that the terms (including the Consideration) of the Amended Share Purchase Agreement, are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF ENTERING INTO THE SUPPLEMENTAL AGREEMENT

The investment in Rimac by the Company is currently stated as financial assets at fair value through profit or loss in the consolidated financial statements of the Group.

It is estimated that the Company will not recognise any gain or loss on the Disposal, which is calculated by the net result of (i) the consideration for the Sale Share of EUR11,250,000 (equivalent to approximately HK\$99,000,000); and (ii) the carrying value of the investment in Rimac of EUR11,250,000 (equivalent to approximately HK\$99,000,000) with reference to the consolidated financial statements of the Group as at 31 March 2019.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios of the Amended Share Purchase Agreement and the transactions contemplated thereunder exceeds 5% and all of the applicable percentage ratios are less than 25%, it 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.

Completion of the Amended Share Purchase Agreement and the transactions contemplated thereunder is subject to the satisfaction and/or waiver of the conditions precedent under the Share Purchase Agreement (as amended) and therefore, may or may not proceed. Shareholders and potential investors are advised to exercise caution in dealing in the Shares.

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, 4 September 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.