

*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.*

**DONGXIANG**  
**China Dongxiang (Group) Co., Ltd.**  
**中國動向(集團)有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock code: 3818)**

**VOLUNTARY ANNOUNCEMENT**  
**SUBSCRIPTION IN INVESTMENT PLANS**

**SUBSCRIPTION IN INVESTMENT PLANS**

The Board is pleased to announce that (i) on 29 November 2013, Shanghai Taitan (an indirect wholly-owned subsidiary of the Company) entered into the 2013 Asset Management Agreement, pursuant to which Shanghai Taitan agreed to subscribe for certain units in the TIC-SC Investment Plan at a subscription amount of RMB200 million; and (ii) on 25 August 2014, Shanghai Taitan entered into the 2014 Asset Management Agreement, pursuant to which Shanghai Taitan agreed to subscribe for certain units in the TIC-AJTB Investment Plan at a subscription amount of RMB150 million.

Neither the 2013 Asset Management Agreement nor the 2014 Asset Management Agreement, on a standalone or aggregate basis, constitutes a notifiable transaction of the Company under Chapter 14 of the Listing Rules, as the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules are less than 5%. Therefore, this announcement is made on a voluntary basis by the Company.

**PRINCIPAL TERMS**

The principal terms of each of the Asset Management Agreements are as follows:

**2013 ASSET MANAGEMENT AGREEMENT**

**(1) Date:**

Date of 2013 Asset Management Agreement:	29 November 2013
--	------------------

Date of subscription:	18 December 2013
-----------------------	------------------

- (2) **Parties:**
- (i) Shanghai Taitan (as subscriber);
  - (ii) Tebon Innovation Capital (as manager); and
  - (iii) China Merchants Bank (as custodian).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Tebon Innovation Capital and China Merchants Bank and their ultimate beneficial owners are third parties independent of the Company and its Connected persons.

- (3) **Name of the TIC-SC Investment Plan:** Tebon Innovation Capital - Star Capital Starlight Third Phase (No. 1) Asset Management Plan\* (德邦創新資本 — 星浩資本星光耀三期(1號)專項資產管理計劃)
- (4) **Subscription amount:** RMB200 million representing 200 million "Class A" units of par value of RMB1 per unit.
- (5) **Term of investment:** Two (2) years commencing from the date of subscription, extendable up to six (6) months at the discretion of Tebon Innovation Capital
- (6) **Estimated return on investment:** The manager estimates a return of approximately 11% per annum subject to the actual income received from underlying investments less any costs, taxes and fees that will be incurred, and the return is not guaranteed.
- (7) **Investment scope:** The funds raised under the TIC-SC Investment Plan would be invested by Tebon Innovation Capital in investment projects and funds in the PRC real estate market.
- (8) **The payment of principal and return upon maturity:** The principal and corresponding return pursuant to the 2013 Asset Management Agreement would be paid in a lump sum upon the maturity date.
- (9) **Other fees:** Management fee, custody fee, consultancy fee and miscellaneous fee are charged annually.
- (10) **Early termination of investment:** Early termination of investment is not provided under the 2013 Asset Management Agreement.

## 2014 ASSET MANAGEMENT AGREEMENT

**(1) Date:**

Date of 2014 Asset Management Agreement: 25 August 2014

Date of subscription: 25 August 2014

**(2) Parties:**

- (i) Shanghai Taitan (as subscriber);
- (ii) Tebon Innovation Capital (as manager); and
- (iii) China Merchants Bank (as custodian).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Tebon Innovation Capital and China Merchants Bank and their ultimate beneficial owners are third parties independent of the Company and its Connected persons.

**(3) Name of the TIC-AJTB Investment Plan:**

Tebon Innovation Capital — An Ji Tian Bo (Limited Partnership) Asset Management Plan\* (德邦創新資本 — 安吉天博(有限合夥)股權投資專項資產管理計劃)

**(4) Subscription amount:**

RMB150 million representing 150 million "Class M" units of par value of RMB1 per unit

**(5) Term of investment:**

Three (3) years commencing from the date of subscription, extendable up to six (6) months at the discretion of Tebon Innovation Capital

**(6) Estimated return on investment:**

The manager estimates a return of approximately 11% per annum subject to the actual income received from underlying investments less any costs, taxes and fees that will be incurred, and the return is not guaranteed.

**(7) Investment scope:**

The funds raised under the TIC-AJTB Investment Plan would be invested by Tebon Innovation Capital in investment projects and funds in the PRC real estate market.

**(8) The payment of principal and return upon maturity:**

The return pursuant to the 2014 Asset Management Agreement would be paid on a half yearly basis and the principal would be paid upon the maturity date.

**(9) Other fees:**

Management fee, custody fee, consultancy fee and miscellaneous fee are be charged annually

**(10) Early termination of investment:**

Early termination of investment is not provided under the 2014 Asset Management Agreement.

## **INFORMATION ON SHANGHAI TITAN AND THE COMPANY**

Shanghai Titan, an indirect wholly-owned subsidiary of the Company, is principally engaged in the production and wholesale of sport-related footwear, apparel and accessories. The Company is an investment holding company and its subsidiaries are principally engaged in brand development, design and sales of sport-related apparel, footwear and accessories in PRC, Macau and Japan.

## **INFORMATION RELATING TO OTHER PARTIES**

### **Tebon Innovation Capital**

Tebon Innovation Capital is a company incorporated under PRC laws with limited liability and principally engaged in investment and assets management. Tebon Innovation Capital is also licensed by the China Securities Regulatory Commission to engage in specific client asset management activities.

## **REASONS FOR THE INVESTMENT**

The Company utilised its cash reserves for the payment of the subscription amount under each of the Asset Management Agreements.

The Directors believe that the Investment would not affect the working capital of the Company or the operation of the Company's principal business. The Directors also believe that the Investment is conducive to improve the capital usage efficiency and generate investment return from the Company's temporary idle funds.

In view of the above reasons, the Directors (including the independent non-executive directors) are of the opinion that the terms of the Asset Management Agreements are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

## **DEFINITIONS**

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

“2013 Asset Management Agreement”	the asset management agreement dated 29 November 2013 entered into between Shanghai Taitan, Tebon Innovation Capital (as manager) and China Merchants Bank (as custodian) in relation to the TIC-SC Investment Plan
“2014 Asset Management Agreement”	the asset management agreement dated 25 August 2014 entered into between Shanghai Taitan, Tebon Innovation Capital (as manager) and China Merchants Bank (as custodian) in relation to the TIC-AJTB Investment Plan
“Asset Management Agreements”	the 2013 Asset Management Agreement and 2014 Asset Management Agreement relating to the Investment
“Board”	the board of Directors
“China Merchants Bank”	Shanghai branch of China Merchants Bank Co., Ltd. (招商银行股份有限公司上海分行), a licensed bank incorporated under PRC laws

“Company”	China Dongxiang (Group) Co., Ltd. (中國動向(集團)有限公司), a company incorporated under the laws of the Cayman Islands with limited liability and whose shares are listed on the Stock Exchange (Stock Code: 3818)
“Connected person(s)”	shall have the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Investment”	the subscription of the Investment Plans by Shanghai Taitan pursuant to the terms of the Asset Management Agreements
“Investment Plans”	the TIC-SC Investment Plan and the TIC-AJTB Investment Plan managed by Tebon Innovation Capital
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Taitan”	Shanghai Taitan Sporting Goods Co., Ltd. (上海泰坦體育用品有限公司), a company incorporated under PRC laws with limited liability, which is an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tebon Innovation Capital”	Tebon Innovation Capital Company Limited* (德邦創新資本有限責任公司), a company incorporated under PRC laws with limited liability and licensed by the China Securities Regulatory Commission to engage in specific client asset management activities
“TIC-AJTB Investment Plan”	Tebon Innovation Capital — An Ji Tian Bo (Limited Partnership) Asset Management Plan* (德邦創新資本 — 安吉天博(有限合夥)股權投資專項資產管理計劃), as managed by Tebon Innovation Capital under the 2014 Asset Management Agreement

“TIC-SC Investment Plan”      Tebon Innovation Capital — Star Capital Starlight Third Phase (No. 1) Asset Management Plan\* (德邦創新資本 — 星浩資本星光耀三期(1號)專項資產管理計劃), as managed by Tebon Innovation Capital under the 2013 Asset Management Agreement

By order of the Board  
**China Dongxiang (Group) Co., Ltd**  
**Chen Yihong**  
*Chairman*

25 August 2014

*As at the date of this announcement, the executive directors of the Company are Mr. Chen Yihong and Mr. Qin Dazhong, the independent non-executive directors of the Company are Mr. Gao Yu, Dr. Xiang Bing and Mr. Xu Yudi.*

*Certain English translation of Chinese names or words marked with “\*” in this announcement are included for information only, and are not official English translations of such Chinese names or words.*