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**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)**

## **DISCLOSEABLE TRANSACTION ENTRUSTED LOAN**

### **THE ENTRUSTED LOAN**

The Board announces that on 2 February 2015, the Lender entered into the Loan Agreement with the Borrower and the Guarantors (all being Independent Third Parties), and the Entrusted Loan Agreement with the Borrower and CITIC Bank, respectively, pursuant to which the Lender shall grant the Entrusted Loan in the principal amount of RMB600,000,000 to the Borrower through CITIC Bank. The Entrusted Loan has a term of four months and is secured and guaranteed by the Guarantors.

### **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the provision of the Entrusted Loan is more than 5% but less than 25%, the entering into the Agreements and the provision of the Entrusted Loan constitute a discloseable transaction of the Company and is only subject to the notification and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

## **INTRODUCTION**

The Board announces that on 2 February 2015, the Lender entered into the Loan Agreement with the Borrower and the Guarantors, and the Entrusted Loan Agreement with the Borrower and CITIC Bank, respectively, pursuant to which the Lender shall grant the Entrusted Loan in the principal amount of RMB600,000,000 to the Borrower through CITIC Bank. Principal terms of the Entrusted Loan are set out below:

## **THE AGREEMENTS**

### **Date**

2 February 2015

### **Parties to the Loan Agreement**

(i) the Lender, as the lender;

- (ii) the Borrower, as the borrower;
- (iii) the Guarantors, as guarantors.

### **Parties to the Entrusted Loan Agreement**

- (i) the Lender, as the lender;
- (ii) CITIC Bank, as the lending agent; and
- (iii) the Borrower, as the borrower.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Borrower, the Guarantors and their respective ultimate beneficial owners (where applicable) and CITIC Bank are Independent Third Parties.

### **Entrusted Loan**

The Lender entrusted CITIC Bank to provide the Entrusted Loan in the principal amount of RMB 600,000,000 to the Borrower. The Entrusted Loan shall be used by the Borrower to meet its liquidity requirements.

The Entrusted Loan will be funded by the Lender from internal resources.

### **Term**

The Entrusted Loan is for a term of four months, commencing from the date of drawdown. The Borrower shall repay the Entrusted Loan (including accrued interests thereon) in full in one lump sum at maturity. The Borrower may make an early repayment of the Entrusted Loan commencing from three months after the date of drawdown by providing the Lender with a written notice setting out details of the early repayment in accordance with the terms of the Entrusted Loan Agreement.

### **Interest rate**

The interest rate for the Entrusted Loan is 22.4% per annum. The interest will be payable by the Borrower on a quarterly basis until the Entrusted Loan is repaid in full.

### **Security**

In consideration of the provision of the Entrusted Loan to the Borrower, the Guarantors entered into the following agreements on 2 February 2015 as security to the obligations of the Borrower under the Loan Agreement, the Entrusted Loan Agreement and other agreements entered into by the Borrower pursuant to the Entrusted Loan:

- (i) the share charge entered into between Mr. Yang Yonghua and the Lender pursuant to which Mr. Yang Yonghua agreed to pledge his interests in Yunnan Jingdian Real Estate, representing 6% of the total registered capital of Yunnan Jingdian Real Estate;
- (ii) the share charge entered into between Mr. Yang Yonghong and the Lender pursuant to which Mr. Yang Yonghong agreed to pledge his interests in Yunnan Jingdian Real Estate, representing 94% of the total registered capital of Yunnan Jingdian Real Estate;

- (iii) the share charge entered into between Mr. Ma Chao and the Lender pursuant to which Mr. Ma Chao agreed to pledge his interests in Hasun Asset, representing the total registered capital of Hasun Asset;
- (iv) personal guarantee given by Mr. Ma Chao; and
- (v) corporate guarantees given by Hasun Asset and Yunnan Jingdian Real Estate, respectively.

### **Consultancy Fee**

In connection with the Entrusted Loan, Shanghai Taitan, an indirect wholly-owned subsidiary of the Company, will receive a fee of RMB15,200,000 from the Borrower in relation to the consultancy services provided to the Borrower.

### **REASONS FOR AND BENEFITS OF THE GRANT OF THE ENTRUSTED LOAN**

The terms of the Entrusted Loan including the interest rate and the consultancy fee were agreed by the parties after arm's length negotiations having taken into account the interest rates and consultancy fees charged by other companies in the PRC. Taking into account of (i) the satisfactory return from the interests and consultancy fee to be received by the Group; (ii) the satisfactory financial background of the Borrower and the security and guarantees provided by its ultimate beneficial owners; and (iii) the short-term nature of the Entrusted Loan, the Directors are of the view that the Entrusted Loan will provide a better utilization of the Group's surplus cash.

Based on the above, the Board (including the independent non-executive Directors) is of the view that the Entrusted Loan is on normal commercial terms and is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **GENERAL**

The Lender is a limited liability company incorporated in the PRC engaging in design, sales and production of sport-related footwear, apparel and accessories in the PRC and Macau.

The Borrower is a limited liability company incorporated in the PRC engaging in the film and television production, distribution and derivatives business.

CITIC Bank is a bank in the PRC and is principally engaged in banking, financial and other financial related services.

Hasun Asset is a limited liability company incorporated in the PRC engaging in the financing and asset management services.

Yunnan Jingdian Real Estate is a limited liability company incorporated in the PRC engaging in the real estate development business.

### **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the provision of the Entrusted Loan is more than 5% but less than 25%, the entering into the Agreements and the provision of the Entrusted Loan constitute a discloseable

transaction of the Company and is only subject to the notification and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

## DEFINITIONS

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

“Agreements”	the Entrusted Loan Agreement, the Loan Agreement and other agreements entered into pursuant to the Entrusted Loan
“Board”	the board of Directors
“Borrower”	南京順佳影視投資有限公司, a company incorporated in the PRC
“China” or the “PRC”	the People’s Republic of China (except Taiwan, Hong Kong Special Administrative Region and Macau Special Administrative Region)
“CITIC Bank”	the Operation and Business Department of the Head Office of China CITIC Bank Corporation Limited
“Company”	China Dongxiang (Group) Co., Ltd., a company incorporated in Cayman Islands, the shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Entrusted Loan”	entrusted loan in the principal amount of RMB600,000,000 made by the Lender to the Borrower through CITIC Bank subject to and upon the terms and conditions of the Agreements
“Entrusted Loan Agreement”	the loan agreement dated 2 February 2015 and entered into between the Borrower, the Lender and CITIC Bank in relation to the provision of the Entrusted Loan
“Group”	the Company and its subsidiaries
“Guarantors”	Yunnan Jingdian Real Estate, Hasun Asset, Mr. Ma Chao, Mr. Yang Yonghua, and Mr. Yang Yonghong
“Hasun Asset”	華信財富(北京)資產管理有限公司, a company incorporated in the PRC, being one of the Guarantors
“Independent Third Party(ies)”	party(ies) that is/are independent of the Company and its connected persons
“Lender”	Shanghai Kappa Sporting Goods Co., Limited* (上海卡帕體育用品有限公司), a company incorporated in the PRC and is an indirect wholly-owned subsidiary of the Company

“Loan Agreement”	the loan agreement dated 2 February 2015 and entered into between the Borrower, the Lender and the Guarantors in relation to the provision of the Entrusted Loan
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Taitan”	Shanghai Taitan Sporting Goods Co., Limited* (上海泰坦體育用品有限公司), a company incorporated in the PRC and is a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yunnan Jingdian Real Estate”	雲南經典房地產開發集團有限公司, a company incorporated in the PRC, being one of the Guarantors
“%”	per cent

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

2 February 2015

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

\* *For identification purposes only*