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**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)**

**ISSUE OF NEW SHARES TO MANAGEMENT PERSONNEL  
UNDER GENERAL MANDATE**

**THE SUBSCRIPTION AND THE SUBSCRIPTION LOAN**

As part of the incentive scheme implemented by the Company to incentivize and ensure the long-term service of management personnel who are considered by the Company to be vital to the success and long-term growth of the Group, on 11 April 2018, the Company entered into the Subscription Agreement with the Subscriber, namely Mr. Yang Gang who was appointed by the Board as vice president of brand marketing of the Group on 1 March 2018, pursuant to which the Subscriber conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, 9,000,000 Subscription Shares for the consideration of HK\$11,610,000 in cash, being the Subscription Price of HK\$1.29 per Subscription Share multiplied by the number of Subscription Shares. On the same date, the Subscriber as borrower and BPEL (a wholly-owned subsidiary of the Company) as lender entered into the Subscription Loan Agreement for financing the Subscription.

## **GENERAL MANDATE TO ISSUE THE SUBSCRIPTION SHARES**

The Subscription Shares will be issued under the General Mandate. As at the date of this announcement, 138,410,025 Shares have been issued by the Company under the General Mandate, thus the remaining number of new Shares which could be issued by the Company under the General Mandate is 968,870,175 Shares (together not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company of 5,536,401,000 Shares as at the date of the Annual General Meeting on 10 May 2017). As such, no Shareholders' approval is required for the allotment and issue of the Subscription Shares.

## **LISTING RULES IMPLICATIONS**

The issue of the Subscription Shares to the Subscriber is subject to the announcement requirement under Rule 13.28 of the Listing Rules.

As all of the applicable percentage ratios in respect of the Subscription Loan are less than 5%, the provision of the Subscription Loan is exempt from the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **INTRODUCTION**

Reference is made to the Company's announcement dated 19 January 2018 (the "**Announcement**") in relation to the Previous Subscription Agreements. As mentioned in the Announcement, it is the intention and objective of the Company to incentivize and ensure the long term service of management personnel who are considered by the Company to be vital to the success and long-term growth of the Group. Accordingly, the Company has implemented an incentive scheme whereby the Company will issue and allot Shares to its management personnel and provide financial assistance to them for the acquisition of such Shares.

On 1 March 2018, the Subscriber, namely Mr. Yang Gang, was appointed by the Board as vice president of brand marketing of the Group. With the intention and objective mentioned above, the Company has decided to extend the said incentive scheme to the Subscriber. On 11 April 2018, the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Subscriber conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, 9,000,000 Subscription Shares for the consideration of HK\$11,610,000 in cash, being the Subscription Price of HK\$1.29 per Subscription Share multiplied by the number of Subscription Shares. On the same date, the Subscriber as borrower and BPEL (a wholly-owned subsidiary of the Company) as lender entered into the Subscription Loan Agreement for financing the Subscription.

As at the date of this announcement, save for the Previous Subscription Shares and the Subscription Shares, the Company has no intention to issue and allot further Shares to the existing Directors and/or senior management of the Company under the incentive scheme. In any event, the aggregate number of Shares issued and to be issued under the incentive scheme will not exceed 10% of the total issued Shares from time to time.

## **THE SUBSCRIPTION AGREEMENT**

The principal terms of the Subscription Agreement are set out as follows:

### **Date**

11 April 2018 (after trading hours)

### **Parties**

- (i) the Company (as issuer); and
- (ii) Mr. Yang Gang (as subscriber).

### **Subject matter**

Pursuant to the terms of the Subscription Agreement, the Subscriber conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, 9,000,000 Subscription Shares (representing approximately 0.16% of the total issued Shares as at the date of this announcement) at the consideration of HK\$11,610,000.

The aggregate nominal value of the 9,000,000 Subscription Shares is HK\$90,000.

The Subscription Shares, when fully paid for and allotted and issued, will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of the allotment and issue of the Subscription Shares.

## Conditions precedent

Completion is conditional upon the following conditions precedent (the “**Conditions**”):

- (a) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares;
- (b) trading in the Shares on the Stock Exchange not being revoked or withdrawn at any time prior to Completion;
- (c) there being no indication received from the Stock Exchange that the listing of the Shares on the Stock Exchange will be suspended, revoked or withdrawn at any time after Completion, whether in connection with any of the transactions contemplated by the Subscription Agreement or otherwise;
- (d) the representations and warranties given by the Subscriber and the Company in the Subscription Agreement remaining true and accurate in all material respects;
- (e) the Company having obtained all necessary consents and approvals as may be required to be obtained by the Company in respect of the Subscription and the transactions contemplated under the Subscription Agreement; and
- (f) the Subscriber having obtained all necessary consents and approvals as may be required to be obtained by the Subscriber in respect of the Subscription and the transactions contemplated under the Subscription Agreement.

The Subscriber may at any time by notice in writing to the Company waive the Condition set out in paragraph (d) above (in respect of the representations and warranties given by the Company only). The Company may at any time by notice in writing to the Subscriber waive the Condition set out in paragraph (d) above (in respect of the representations and warranties given by the Subscriber only). The Conditions set out in paragraphs (a), (b), (c), (e) and (f) are non-waivable by the Company and the Subscriber. In the event of any of the Conditions not being fulfilled or waived in full within 120 days after the date of the Subscription Agreement (or such other time and date as may be agreed between the Company and the Subscriber in writing), the Subscription Agreement shall cease and terminate and thereafter, neither party shall have any obligations and liabilities thereunder save for any antecedent breaches of the provisions thereof.

As at the date of this announcement, none of the Conditions set out in paragraphs (a), (e) and (f) above have been fulfilled, and the parties to the Subscription Agreement are not aware of any facts or circumstances that will render the remaining Conditions unfulfilled within 120 days after the date of the Subscription Agreement.

## **Completion**

Completion shall take place on the third Business Day following the day on which the last of the Conditions shall have been fulfilled or, as the case may be, waived, or such other date as agreed between the Subscriber and the Company in writing.

The consideration for the Subscription Shares will be payable by the Subscriber to the Company in cash upon Completion, which will be funded by the proceeds of the Subscription Loan.

## **Undertaking to acquire Shares**

Pursuant to the terms of the Subscription Agreement, the Subscriber has undertaken to the Company that he will immediately upon Completion and in any event no later than 3 months thereafter acquire at his own costs and with his own funds no less than 1,000,000 Shares (the “**Acquired Shares**”).

As disclosed below, the Subscription Loan will be secured by, amongst others, the Acquired Shares once acquired by the Subscriber. Failure of the Subscriber to acquire the Acquired Shares and provide such Acquired Shares as security for the Subscription Loan in accordance with the Subscription Loan Agreement and related security document(s) will constitute an event of default under the Subscription Loan Agreement, and in such event BPEL will have the right to, amongst others, demand repayment of all or any part of the Subscription Loan.

For the avoidance of doubt, the Subscription Agreement contains no requirements or restrictions for the Subscriber to acquire the Acquired Shares on or off the Stock Exchange.

## **Lock-up undertaking**

Pursuant to the terms of the Subscription Agreement, the Subscriber has undertaken to the Company that:

- (i) for a period of 12 months from the date of Completion (the “**First Lock-up Period**”), he will not sell, transfer, grant options over or otherwise dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) more than 15% of the aggregate number of the Subscription Shares and the Acquired Shares subscribed for or acquired by him or any interests therein;

- (ii) for the period commencing from the date of Completion and ending on the date which is three years from the date of Completion (the “**Second Lock-up Period**”), he will not sell, transfer, grant options over or otherwise dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) more than 50% of the aggregate number of the Subscription Shares and the Acquired Shares subscribed for or acquired by him or any interests therein (including such number of the Subscription Shares and the Acquired Shares being sold, transferred, granted options over or otherwise disposed of by him during the First Lock-up Period); and
- (iii) in the event of a disposal of any of the Subscription Shares and the Acquired Shares at any time after the Second Lock-up Period, the Subscriber will (a) first notify the Company in writing prior to the disposal and will use his best endeavours to ensure that any such disposal will not create a disorderly and false market in the Shares and will comply with all applicable laws; and (b) not enter into transactions with any other person who, to his knowledge, engages directly or indirectly a business that competes or potentially competes with the business of the Company, or with any other entity which is a holding company, subsidiary or associate of such person, without prior written consent of the Company.

## **THE SUBSCRIPTION LOAN AGREEMENT**

The principal terms of the Subscription Loan Agreement are set out as follows:

### **Date**

11 April 2018 (after trading hours)

### **Parties**

- (i) BPEL (as lender); and
- (ii) the Subscriber (as borrower).

### **Conditions precedent**

BPEL’s making of an advance pursuant to the Subscription Loan Agreement is conditional upon, amongst others, fulfilment or waiver (as applicable) of the Conditions.

## **Details of the Subscription Loan**

The principal amount of the Subscription Loan is HK\$11,610,000.

The Subscription Loan is for a term of 5 years at the interest rate of one month HIBOR + 1% per annum (which may be adjusted according to the benchmark interest rate) which is to be paid monthly. The interest rate for the Subscription Loan was arrived at after arm's length negotiations between the Company and the Subscriber with reference to similar interest rates offered by commercial banks in Hong Kong to the Company for a contemporaneous bank loan of similar terms. Therefore, the Company considers that the interest rate for the Subscription Loan is fair and reasonable and on normal commercial terms.

The Subscription Loan shall be secured by the Subscription Shares and the Acquired Shares (as defined in this announcement above) to be subscribed for or acquired by the Subscriber. The Subscription Loan is subject to mandatory repayment upon sale of any of the Subscription Shares or the Acquired Shares, and the amount of Subscription Loan to be repaid shall be proportional to the number of Shares sold.

Drawdown of the Subscription Loan and Completion will take place simultaneously. Pursuant to the Subscription Agreement, proceeds of the Subscription Loan shall, upon drawdown, be paid directly by BPEL to the Company to settle the consideration for the Subscription.

## **Funding of the Subscription Loan**

The Subscription Loan shall be funded by the internal resources of BPEL.

## **GENERAL MANDATE**

The Subscription Shares will be issued under the General Mandate. As at the date of this announcement, 138,410,025 Shares have been issued by the Company under the General Mandate, thus the remaining number of new Shares which could be issued by the Company under the General Mandate is 968,870,175 Shares (together not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company of 5,536,401,000 Shares as at the date of the Annual General Meeting on 10 May 2017). As such, no Shareholders' approval is required for the allotment and issue of the Subscription Shares.

## **LISTING RULES IMPLICATIONS**

The issue of the Subscription Shares to the Subscriber is subject to the announcement requirement under Rule 13.28 of the Listing Rules.

As all of the applicable percentage ratios in respect of the Subscription Loan are less than 5%, the provision of the Subscription Loan is exempt from the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **THE SUBSCRIPTION PRICE**

The Subscription Price of HK\$1.29 per Subscription Share represents:

- (i) a discount of approximately 9.8% to the closing price of HK\$1.43 per Share as quoted on the Stock Exchange on 11 April 2018, being the date of the Subscription Agreement;
- (ii) a discount of approximately 5.84% to the closing price of HK\$1.37 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 5% to the average closing price of approximately HK\$1.358 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and
- (iv) a discount of approximately 6.59% to the average closing price of approximately HK\$1.381 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day.

The net Subscription Price, after deduction of relevant expenses, is estimated to be approximately HK\$1.279 per Subscription Share.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber based on a discount of 5% to HK\$1.358 per Share, being the approximate average closing price of the Shares as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day. The said 5% discount was arrived at between the parties after having taken into account (i) the low liquidity of the Subscription Shares in light of the lock-up arrangements in respect of the Subscription Shares as described in the paragraphs headed "Lock-up Undertaking" above; and (ii) that allowing the Subscriber to subscribe for the Subscription Shares at a reasonable discount to the current market price, which is in line with the market practice for placing and subscription transactions, would better achieve the Company's objective to incentivise the Subscriber.

## **APPLICATION FOR LISTING**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.



## FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Apart from the fund raising activities mentioned below, the Company had not conducted any other fund raising activities in the past twelve months immediately preceding the date of this announcement.

<b>Date of announcement</b>	<b>Event</b>	<b>Net proceeds</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds</b>
9 October 2017	Issue of Shares pursuant to the subscription agreement dated 9 October 2017	HK\$173.4 million	General working capital for the Group	Utilised as intended
19 January 2018	Issue of Shares pursuant to subscription agreements all dated 19 January 2018	HK\$272 million	HK\$223 million for setting off against the loans to be provided by the Group to the subscribers for the subscription of the Shares  HK\$49 million for the settlement of certain expenses of the Group incurred outside the PRC, including interest payments for bank loans, office rent and other administrative expenses	Will be utilised as intended

## EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY FOLLOWING ALLOTMENT AND ISSUE OF THE SUBSCRIPTION SHARES

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon the allotment and issue of the Subscription Shares and the Previous Subscription Shares (assuming no other changes in the issued share capital of the Company between (i) and (ii), and without taking into account any Shares to be acquired under the Previous Subscription Agreements and the Acquired Shares that the Subscriber has undertaken to acquire immediately upon Completion (collectively the “**Additional Shares**”)); and (iii) immediately after acquisition of all Additional Shares (assuming no other changes in the issued share capital of the Company between (ii) and (iii)), are summarised as follows:

	As at the date of this announcement		Immediately after allotment and issue of the Subscription Shares and the Previous Subscription Shares (assuming no Additional Shares have been acquired)		Immediately after all Additional Shares have been acquired (Note 5)	
	Number of Shares held	Approximate percentage of total issued Shares	Number of Shares held	Approximate percentage of total issued Shares	Number of Shares held	Approximate percentage of total issued Shares
Poseidon Sports Limited (Note 1)	2,249,387,000	39.64%	2,249,387,000	38.22%	2,249,387,000	38.22%
Talent Hill Group Limited (Note 2)	64,928,372	1.14%	64,928,372	1.10%	64,928,372	1.10%
Forever Step Investment Limited (Note 3)	9,280,000	0.16%	9,280,000	0.16%	9,280,000	0.16%
Mr. Zhang Zhiyong	138,410,025	2.44%	163,320,025	2.77%	166,090,025	2.82%
Ms. Chen Chen (Note 4)	119,944,100	2.11%	156,944,100	2.67%	156,944,100	2.67%
Mr. Ren Yi	0	0%	25,200,000	0.43%	28,000,000	0.48%
Mr. Yang Yang	0	0%	9,000,000	0.15%	10,000,000	0.17%
Mr. Lyu Guanghong	0	0%	9,000,000	0.15%	10,000,000	0.17%
Ms. Tang Lijun	0	0%	9,000,000	0.15%	10,000,000	0.17%
Ms. Sun Wei	0	0%	9,000,000	0.15%	10,000,000	0.17%
Public						
— The Subscriber	0	0%	9,000,000	0.15%	10,000,000	0.17%
— Other public Shareholders	<u>3,092,861,528</u>	<u>54.50%</u>	<u>3,172,061,528</u>	<u>53.89%</u>	<u>3,161,491,528</u>	<u>53.71%</u>
<b>Total</b>	<u><u>5,674,811,025</u></u>	<u><u>100%</u></u>	<u><u>5,886,121,025</u></u>	<u><u>100%</u></u>	<u><u>5,886,121,025</u></u>	<u><u>100%</u></u>

Notes:

- (1) Mr. Chen Yihong (“**Mr. Chen**”), an executive Director and the Chairman of the Board, Harvest Luck Development Limited (“**Harvest Luck**”) and Talent Rainbow Far East Limited (“**Talent Rainbow**”) are deemed to be interested in the Shares held by Poseidon Sports Limited (“**Poseidon**”) by virtue of Harvest Luck and Talent Rainbow being entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Poseidon. Harvest Luck is wholly owned and controlled by Mr. Chen. The entire issued share capital of Talent Rainbow is held by Billion Giant

Development Limited (“**Billion Giant**”). The entire issued share capital of Billion Giant is in turn held by BOS Trustee Limited as trustee of the Cerises Trust. The Cerises Trust is an irrevocable discretionary trust set up by Mr. Chen as settlor and BOS Trust Company (Jersey) Limited as trustee on 20 April 2010. The beneficiaries under the Cerises Trust are family members of Mr. Chen. Mr. Chen as founder of the Cerises Trust is deemed to be interested in the Shares held by Talent Rainbow. On 16 December 2016, the trustee has been changed from BOS Trust Company (Jersey) Limited to BOS Trustee Limited.

- (2) Talent Hill Group Limited is wholly-owned and controlled by Mr. Chen Yiyong, Mr. Chen’s brother.
- (3) Forever Step Investment Limited is wholly-owned and controlled by Mr. Chen Yiliang, Mr. Chen’s brother.
- (4) 116,944,100 Shares are held by Bountiful Talent Ltd, a company wholly-owned and controlled by Ms. Chen Chen, an executive Director.
- (5) Based on the assumption that all Additional Shares will be acquired from other public Shareholders.

## **INFORMATION OF THE GROUP**

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 the PRC and Japan, as well as investment activities in the Mainland of the PRC and abroad.

## **REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND THE SUBSCRIPTION LOAN**

It is the intention and objective of the Company to incentivize and ensure the long term service of management personnel who are considered by the Company to be vital to the success and long-term growth of the Group. Accordingly, the Company has implemented an incentive scheme whereby the Company will issue and allot Shares to its management personnel and provide financial assistance to them for the acquisition of such Shares. In line with this practice, the Company has decided to extend the incentive scheme to the Subscriber, who has recently been appointed as vice president for brand marketing of the Group.

As mentioned in the Announcement, the Company has also considered other alternative incentive schemes such as the granting of share options or the vesting of restricted shares under a share option scheme or restricted share award scheme adopted by the Company. However, the Company is of the view that those alternatives do not fit its intention behind the Subscription because the grant of share options or restricted shares under the respective schemes does not require the grantee to pay any consideration on the date of grant and the grantee will not incur any losses should the price of the Shares fall below the option price or the current market price. On the contrary, under the Subscription arrangement, the Subscriber is required to pay the consideration of HK\$11,610,000 for the Subscription Shares (despite that such consideration will be settled by the proceeds of the Subscription Loan which are to be repaid by him at a later time). This represents

substantial capital investments that the Subscriber has to make, and the Company believes that by aligning his interests with the Shareholders' interests through such commitment, the Subscriber will have stronger incentive and motivation to continue to make long-term contributions to the Company.

In addition, the current Subscription arrangement will have no adverse impact on, whereas the grant of share options or restricted shares would adversely impact, the profit and loss statement of the Company. For the grant of restricted shares or share options, the market value of the relevant shares (in the case of the grant of restricted shares) or the difference between the market price of the underlying shares and the fair value of the options (in the case of the grant of share options) on the date of grant will be accounted for as employee expenses in the profit and loss statement of the Company. On the contrary, for the Subscription, in light of the lock-up arrangements, the Subscription Shares are valued at the same price as the Subscription Price, and therefore it is estimated that the 5% discount will not have any impact on the profit and loss statement of the Company.

Having considered the reasons for and benefits of the Subscription and the terms of the Subscription Agreement and the Subscription Loan Agreement, and the fact that, unlike other alternative incentive schemes such as the granting of share options or vesting of restricted shares, the Subscription will have no adverse impact on the financial statements of the Group, the Directors consider that the terms of the Subscription Agreement (including the Subscription Price) and the Subscription Loan Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, save for the Previous Subscription Shares and the Subscription Shares, the Company has no intention to issue and allot further Shares to the existing Directors and/or senior management of the Company under the incentive scheme. In any event, the aggregate number of Shares issued and to be issued under the incentive scheme will not exceed 10% of the total issued Shares from time to time.

## **USE OF PROCEEDS**

The gross proceeds of the Subscription will be HK\$11,610,000 and the net proceeds of the Subscription, after the deduction of the related expenses, are estimated to be approximately HK\$11.5 million.

However, as the entire amount of the said proceeds will be set off against the Subscription Loan to be provided by BPEL to the Subscriber, the Group will not receive any net cash amount immediately upon Completion. Therefore, the immediate impact upon Completion on the financial statements of the Group will be (i) increase in other receivables by HK\$11.5 million; and (ii) increase in share capital and reserves by HK\$11.5 million.

Proceeds from the repayment of the Subscription Loan upon (i) the sale of any of the Subscription Shares or the Acquired Shares; or (ii) the maturity of the 5-year term will be used for expansion of sales network of the Group or acquisition(s) of new brands.

**Shareholders and potential investors should note that the Completion is subject to the fulfilment or waiver of certain conditions precedent under the Subscription Agreement, and the Subscription may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

## DEFINITION

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

“Annual General Meeting”	the annual general meeting of the Company held on 10 May 2017
“Board”	the board of Directors
“BPEL”	Bright Pacific Enterprises Limited, a wholly-owned subsidiary of the Company
“Business Day(s)”	the day(s) on which the Stock Exchange is open for the transaction of business
“Company”	China Dongxiang (Group) Co., Ltd. (中國動向(集團)有限公司), a limited liability company incorporated in the Cayman Islands, the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement
“Directors”	the directors of the Company
“General Mandate”	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the Annual General Meeting on 10 May 2017 to issue and allot up to 1,107,280,200 new Shares, representing 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of the Annual General Meeting
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HIBOR”	Hong Kong Interbank Offered Rate

“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Last Trading Day”	10 April 2018, being the last trading day of the Shares on the Stock Exchange before the date of the Subscription Agreement
“Listing Committee”	has the meaning ascribed thereto in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purposes of this announcement, shall not include Hong Kong, Macau and Taiwan
“Previous Subscription Agreements”	the subscription agreements dated 19 January 2018 and entered into between the Company and each of Mr. Zhang Zhiyong, Ms. Chen Chen, Mr. Ren Yi, Mr. Yang Yang, Mr. Lyu Guanghong, Ms. Tang Lijun, Ms. Sun Wei, Mr. Chen Shaowen, Mr. Song Li, Mr. Nan Peng and Mr. Wang Yalei, as referred to in the Company’s announcement dated 19 January 2018
“Previous Subscription Shares”	the 202,310,000 Shares to be issued and allotted by the Company to Mr. Zhang Zhiyong, Ms. Chen Chen, Mr. Ren Yi, Mr. Yang Yang, Mr. Lyu Guanghong, Ms. Tang Lijun, Ms. Sun Wei, Mr. Chen Shaowen, Mr. Song Li, Mr. Nan Peng and Mr. Wang Yalei pursuant to the Previous Subscription Agreements
“Shareholder(s)”	the holder(s) of the Shares
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Mr. Yang Gang
“Subscription”	the subscription of the Subscription Shares by the Subscriber in accordance with the terms and conditions of the Subscription Agreement
“Subscription Agreement”	a subscription agreement dated 11 April 2018 and entered into between the Company and the Subscriber in respect of the Subscription
“Subscription Loan”	a 5-year secured term loan in the aggregate principal amount of HK\$11,610,000 to be extended by BPEL to the Subscriber pursuant to the Subscription Loan Agreement

“Subscription Loan Agreement”	a loan agreement dated 11 April 2018 and entered into between BPEL and the Subscriber in relation to the provision of the Subscription Loan by BPEL to the Subscriber
“Subscription Shares”	9,000,000 new Shares to be subscribed for by the Subscriber and allotted and issued by the Company in accordance with the terms and conditions of the Subscription Agreement
“Subscription Price”	HK\$1.29 per Subscription Share
“%”	per cent.

*In this announcement, unless the context otherwise requires, the terms “associate(s)”, “close associate(s)”, “connected person(s)”, “connected transaction(s)”, “controlling shareholder(s)”, “subsidiary(ies)” and “substantial shareholder(s)” shall have the meanings given to such terms in the Listing Rules, as modified by the Stock Exchange from time to time.*

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

Hong Kong, 11 April 2018

*As at the date of this announcement, the executive directors of the Company are Mr. Chen Yihong, Mr. Zhang Zhiyong and Ms. Chen Chen, and the independent non-executive directors of the Company are Dr. Chen Guogang, Mr. Chen Johnny and Mr. Gao Yu.*