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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)

CLARIFICATION ANNOUNCEMENT

This announcement is made by the board of directors (the “**Board**”) of China Dongxiang (Group) Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Reference is made to the report (the “**Report**”) issued by GMT Research Limited titled “Chinese Sportswear Fake or Fabulous?” and dated 12 June 2018. The Board noted that the Report contains certain unfounded allegations concerning the Group and its financial performance, in particular regarding its inventory management and cash flows. **The Board categorically denies and refutes all such allegations contained in the Report and considers them to be inaccurate, groundless and malicious.**

The Board is not aware of any information which is required to be disclosed pursuant to Rule 13.09(2) of the Listing Rules or under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Company is seeking legal advice on this matter and reserves the right to take legal action(s) and/or other relief against such entity(ies) and/or associated individual(s) responsible for the Report.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 14 June 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.