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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)

SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO THE ANNUAL REPORT OF THE COMPANY
FOR THE YEAR ENDED 31 DECEMBER 2017

The board (the “**Board**”) of directors (the “**Directors**”) of China Dongxiang (Group) Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) makes this announcement to provide supplemental information to its annual report for the year ended 31 December 2017 (the “**2017 Annual Report**”).

Reference is made to the announcement of the Company dated 9 October 2017 (the “**Announcement**”) in relation to, among other things, the issue of new ordinary shares by the Company to Mr. Zhang Zhiyong (“**Mr. Zhang**”). Unless otherwise stated, capitalised terms used herein shall have the same meanings as defined in the Announcement.

As disclosed in the Announcement, on 9 October 2017, to incentivize Mr. Zhang to provide essential contribution to the long term development of the Group as an executive Director and the chief executive officer of the Company, the Company entered into the Subscription Agreement with Mr. Zhang, pursuant to which Mr. Zhang agreed to subscribe for, and the Company agreed to allot and issue, 138,410,025 Subscription Shares at the Subscription Price of HK\$1.26 per Subscription Share. The aggregate nominal value of the 138,410,025 Subscription Shares was HK\$1,384,100.25, and the net Subscription Price (after deduction of relevant expenses) was approximately HK\$1.256 per Subscription Share. The Subscription Price represented a discount of approximately 8.70% to the closing price of HK\$1.38 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement.

Of the aggregate Subscription Price of HK\$174,396,631.5, 10% was paid by Mr. Zhang to the Company in cash at the Completion on 27 October 2017 and the remaining 90% was funded by the proceeds of the Loan provided by the Group to Mr. Zhang which is repayable by Mr. Zhang at the end of its five-year loan period.

The net proceeds (after deducting all related expenses) from the Subscription received by the Company at the Completion was approximately HK\$16.8 million, which had been fully utilised as at the date of this announcement as general working capital as follows: (i) approximately HK\$12.4 million for advertising and selling expenses; (ii) approximately HK\$4 million for operating expenses (including employee salary and benefit expenses and marketing expenses etc.) of an offshore subsidiary of the Company; and (iii) approximately HK\$0.4 million for the Company's annual listing fee.

The above supplemental information does not affect other information contained in the 2017 Annual Report and save as disclosed in this announcement, the remaining contents of the 2017 Annual Report remain unchanged.

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

Hong Kong, 6 September 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.