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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
SUBSCRIPTION OF INTERESTS IN A FUND**

THE SUBSCRIPTION

The Board is pleased to announce that, on 28 January 2021, the Subscriber (a deemed wholly-owned subsidiary of the Company) agreed to subscribe for additional Class A Shares of the Fund at a total subscription amount of US\$20 million.

LISTING RULES IMPLICATION

The Subscriber had made aggregated net subscriptions in Class A Shares in the Fund of US\$33,270,000 in the 12-month period prior to the Subscription. As all of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) were below 5%, the Previous Subscriptions did not constitute notifiable transactions of the Company under Chapter 14 of the Listing Rules. As one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Subscription after aggregated with the Previous Subscriptions pursuant to Rules 14.22 and 14.23 of the Listing Rules exceeds 5% but is less than 25%, the Subscription constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that, on 28 January 2021, the Subscriber (a deemed wholly-owned subsidiary of the Company) has applied to subscribe for additional Class A Shares of the Fund at a total subscription amount of US\$20 million.

THE SUBSCRIPTION

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

Date of the Subscription : 28 January 2021

Class of Participating Share : Class A Shares

Subscription amount (in US\$) : US\$20 million

The subscription amount is payable by the Subscriber by cash from its internal resources.

Fund Manager : China Pinnacle Equity Management Limited

Fund Administrator and Fund Custodian : Bank of Communications Trustee Limited

Redemption : Class A Shares may be redeemed at the option of the holders on any Redemption Day by giving a written notice (a “Redemption Notice”) to the Fund Administrator no later than the relevant redemption dealing deadline. Any Redemption Notice received after the relevant redemption dealing deadline will be held over until the Redemption Day next following the relevant Redemption Day and the Class A Shares will then be redeemed at the redemption price of such class applicable on that day.

The directors of the Fund or the Fund Manager have the power to levy a redemption charge ranging from 0.5% to 2% by reference to the time the relevant Class A Shares have been held by the holder but no redemption charge will be levied for redemption of Class A Shares held for three years or more.

The redemption of Class A Shares is not subject to any lock up period.

Subscription and redemption price : In calculating the subscription price or redemption price of a Participating Share of a class, the net asset value of such class as at the Valuation Point relating to relevant Valuation Day will be divided by the number of Participating Shares of the relevant class then in issue, the resulting amount being rounded to the nearest cent (0.5 of a cent being rounded up).

- Investment objective and strategies : The investment objective of the Fund is to generate long-term capital appreciation.
- The Fund Manager will seek to achieve the investment objective by investing in securities listed on stock exchanges in the Greater China Region, and a wide range of investments and asset types such as debt instruments, bond securities, convertible bonds, notes, structured products, unlisted securities and collective investment funds.
- Management : The directors of the Fund are responsible for the overall management and administration of the Fund. However, the directors of the Fund have delegated responsibility for the day-to-day operations of the Company to, among others, the Fund Manager and the Fund Administrator.
- Management fee : The Fund Manager is entitled to a management fee of 1.3% per annum of the net asset value of the relevant class of Participating Shares (before deduction of any accrued management fee and performance fee) as at each Valuation Point, which is payable monthly in arrears.
- Performance fee : The Fund Manager is entitled to receive a performance fee in an amount equal to 20% of the appreciation of the net asset value of each Participating Share of the relevant class (before deduction of any accrued performance fee) with respect to a particular performance period over the high water mark. The high water mark for each Participating Share of the relevant class is the greater of (i) the net asset value per Participating Share at the time of issue of that Participating Share, adjusted for appropriate dividends paid during the relevant period; and (ii) the net asset value per Participating Share (after deduction of any accrued performance fee) as at the last Valuation Point in the last performance period in respect of which a performance fee is charged, adjusted for appropriate dividends paid during the relevant period.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

In light with the recent increasing fluctuation in the capital market, the Board will consider to make appropriate adjustment to the investment structure of the Group and increase its investments in securities funds while reducing stock investments. The Board believes, after having made prudent deliberation, that securities fund investments will reduce risks through diversifying the investment subjects, improve the allocation efficiency of investment assets and further increase the investment returns with regard to the liquidity so as to make the allocation of investment assets more reasonable. Having reviewed the relevant agreements of the Fund, the Board considers that the terms of the Subscription are on normal commercial terms, fair and reasonable and in the best interest of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP AND THE SUBSCRIBER

The Company is an investment company, whose subsidiaries are principally engaged in brand development, design and sales of sport-related apparel, footwear and accessories and investment activities in the Mainland of the People's Republic of China and abroad.

The Subscriber is a Cayman Islands exempted limited partnership registered on 23 May 2018 solely for the purpose of managing subscriptions in the Fund. The Subscriber is a deemed wholly-owned subsidiary of the Company and its financial results are consolidated with the Group's consolidated financial statements.

INFORMATION ON THE FUND, THE FUND MANAGER, THE FUND ADMINISTRATOR AND THE FUND CUSTODIAN

The Fund is an exempted company incorporated with limited liability in the Cayman Islands. It is a regulated mutual fund and will be registered with the Monetary Authority under the Mutual Funds Law of the Cayman Islands. The investment objective of the Fund is to generate long-term capital appreciation by investing in securities listed on stock exchanges in the Greater China Region, and a wide range of investments and asset types such as debt instruments, bond securities, convertible bonds, notes, structured products, unlisted securities and collective investment funds. According to the monthly reports of the Fund, in 2020, the Fund recorded an annual rate of return of approximately 63.57% for each Participating Share (after deduction of relevant management fees but before deduction of relevant performance fees). Such rate of return is for reference only, subject to account auditing of the Company.

The Fund Manager is China Pinnacle Equity Management Limited, which is a company incorporated in Hong Kong with limited liability and a licenced corporation to carry on businesses in type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO. The Fund Manager is principally engaged in fund management and the provision of investment advisory services to corporations, institutions and high net worth individual investors.

The Fund Administrator and the Fund Custodian is Bank of Communications Trustee Limited, a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of Bank of Communications Co., Ltd.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Fund, the Fund Manager, the Fund Administrator and the Fund Custodian and their respective ultimate beneficial owner(s) are Independent Third Parties.

LISTING RULES IMPLICATION

The Subscriber had made aggregated net subscriptions in Class A Shares in the Fund of US\$33,270,000 in the 12-month period prior to the Subscription. As all of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) were below 5%, the Previous Subscriptions did not constitute notifiable transactions of the Company under Chapter 14 of the Listing Rules. As one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Subscription when aggregated with the Previous Subscriptions pursuant to Rules 14.22 and 14.23 of the Listing Rules exceeds 5% but is less than 25%, the Subscription constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Class A Shares”	a Participating Share designated as Class A Share of the Fund
“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
“Directors”	the directors of the Company
“Fund”	CPE Greater China Enterprises Growth Fund (formerly known as E Fund Greater China Small-Cap Enterprises Growth Fund), an exempted company incorporated with limited liability in the Cayman Islands
“Fund Administrator”	Bank of Communications Trustee Limited, a company incorporated in Hong Kong with limited liability

“Fund Custodian”	Bank of Communications Trustee Limited, a company incorporated in Hong Kong with limited liability
“Fund Manager”	China Pinnacle Equity Management Limited, a company incorporated in Hong Kong with limited liability and a licenced corporation to carry on businesses in type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	a party(ies) independent of and not connected with the Company and its connected persons (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Participating Share”	a participating, redeemable, non-voting share of par value US\$0.001 in the capital of the Fund
“Previous Subscriptions”	the net subscriptions of Class A Shares in the Fund by the Subscriber completed within the 12-month period prior to the Subscription
“Redemption Day”	the last business day of each calendar month, and/or such other day or days in addition thereto or in substitution therefor as the directors of the Fund may from time to time prescribe
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Shareholder(s)”	the holder(s) of the ordinary shares of HK\$0.01 each in the share capital of the Company
“Subscriber”	CPE Assets Allocation Fund D, L.P., a Cayman Islands exempted limited partnership registered on 23 May 2018, and a special purpose entity deemed to be wholly-owned by the Company according to the relevant agreements in relation to the Fund
“Subscription”	the subscription of the Class A Shares of the Fund at a total subscription amount of US\$20 million as set out in this announcement

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Valuation Day”	the last business day in each calendar week, and the last business day in each calendar month, or such other day or days as the directors of the Fund may from time to time prescribe
“Valuation Point”	the close of business in the last relevant market to close on each Valuation Day or such other time on such day as the directors of the Fund may from time to time prescribe
“%”	per cent.

In this announcement, unless the context otherwise requires, the term “subsidiary(ies)” shall have the meaning 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, 28 January 2021

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