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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)

CONNECTED TRANSACTION IN RELATION TO THE FORMATION OF A JOINT VENTURE

SHAREHOLDERS AGREEMENT

The Board announces that on 30 April 2015 (U.S. Eastern Time), Brilliant King (a wholly-owned subsidiary of the Company) entered into the Shareholders' Agreement with Talent Rainbow (a company wholly-owned by Mr Chen) and Mengfa International, an Independent Third Party in relation to the establishment of Boundary Bay for the purpose of acquiring 100% partnership interests in the Target Company. Pursuant to the Shareholders' Agreement, the total investment to be contributed by Talent Rainbow, Brilliant King and Mengfa International shall be US\$15,950,000, US\$10,150,000 and US\$2,900,000 respectively, representing 55%, 35% and 10% of the total issued capital of Boundary Bay, respectively.

The Board (including the independent non-executive Directors) is of the view that the terms and conditions of the Shareholders' Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

IRREVOCABLE UNDERTAKING PROVIDED BY TALENT RAINBOW IN FAVOUR OF BRILLIANT KING

In consideration of Brilliant King's investment in Boundary Bay, Talent Rainbow irrevocably undertakes to Brilliant King that if the corresponding loss, as shown in the audited annual financial statements of Boundary Bay, attributable to Brilliant King exceeds 20% of the amount of capital invested by Brilliant King in Boundary Bay, Brilliant King shall have the right to request Talent Rainbow to acquire Brilliant King's entire shareholding interest in Boundary Bay.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Talent Rainbow is wholly-owned by Mr. Chen (a Director and the controlling shareholder of the Company) and is therefore an associate of Mr. Chen and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the establishment of Boundary Bay between Talent Rainbow, Brilliant King and Mengfa International constitutes a connected transaction of the Company. As one or more of the applicable percentage ratios (as defined under the Listing Rules) exceed 0.1% but fall below 5%, the establishment of Boundary Bay with amongst others, Talent Rainbow, shall be subject to the annual review and disclosure requirements but exempt from independent shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

INTRODUCTION

The Board announces that on 30 April 2015, Brilliant King (a wholly-owned subsidiary of the Company) entered into the Shareholders' Agreement with Talent Rainbow (a company wholly-owned by Mr. Chen) and Mengfa International, an Independent Third Party in relation to the establishment of Boundary Bay for the purpose of acquiring the 100% partnership interests in the Target Company. Pursuant to the Shareholders' Agreement, the total investment to be contributed by Talent Rainbow, Brilliant King and Mengfa International shall be US\$15,950,000, US\$10,150,000 and US\$2,900,000 respectively, representing 55%, 35% and 10% of the total issued capital of Boundary Bay, respectively.

SHAREHOLDERS' AGREEMENT

Date

30 April 2015 (U.S. Eastern Time)

Parties

- (i) Brilliant King;
- (ii) Talent Rainbow; and
- (iii) Mengfa International.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, Mengfa International and its ultimate beneficial owners are Independent Third Parties.

Scope of Business of Boundary Bay

Pursuant to the terms of the Shareholders' Agreement, Boundary Bay will use the capital contributed by the shareholders to acquire the 100% partnership interests in the Target Company and will operate, manage and develop the Marina and other business of the Target Company upon completion of the Acquisition.

Term

Unless the Shareholders' Agreement is being terminated or Boundary Bay is being dissolved in accordance to the Shareholders' Agreement, the duration of Boundary Bay shall be perpetual.

Capital Structure and Contribution

Pursuant to the Shareholders' Agreement, the total investment to be contributed by Talent Rainbow, Brilliant King and Mengfa International shall be US\$15,950,000, US\$10,150,000 and US\$2,900,000 respectively, representing 55%, 35% and 10% of the total issued capital of Boundary Bay, respectively. The respective investment shall be contributed in cash by each of Talent Rainbow, Brilliant King and Mengfa International upon receipt of the notice for payment from Talent Rainbow or at any other time as requested by Talent Rainbow prior to the signing of the agreement for the acquisition of the Target Company.

The capital requirement of Boundary Bay was determined by arm's length negotiation between the parties taking into account of, among others, the consideration for the acquisition of the interests in the Target Company.

Board of Directors

The board of directors of Boundary Bay shall consist of three directors, to be appointed by each of Brilliant King, Talent Rainbow and Mengfa International. The chairman of the board of directors shall be nominated by Talent Rainbow and the two vice chairmen shall be nominated by each of Brilliant King and Mengfa International. The term of office of the chairman and vice-chairmen shall be three years, which shall be renewable upon re-election.

Organization for Operational Management

1. The board of directors of Boundary Bay shall appoint one general manager, to be nominated by Talent Rainbow. The term of office of the general manager shall be three years and may be renewed by the board of the directors. The general manager shall be accountable to the board of directors of Boundary Bay.
2. The board of directors of Boundary Bay shall appoint one financial controller, to be nominated by Brilliant King.
3. Boundary Bay may hire a professional management team to be in charge of the operation, construction and development of the Marina. Boundary Bay shall enter into a management agreement or employment agreement with the professional management team to specify the rights, obligations and scope of authority of the professional management team. The aforesaid management agreement or employment agreement shall be approved by way of a special resolution of the general meeting of Boundary Bay.

Conditions for transfer of interests in the Target Company

Talent Rainbow, Brilliant King and Mengfa International may transfer the equity interests in the Target Company amongst themselves. If either Talent Rainbow, Brilliant King or Mengfa International wishes to transfer all or part of its interest in the Target Company to a third party, the other two parties will have a pre-emptive right to purchase any such interest on the same terms and conditions as those being offered to the third party.

IRREVOCABLE UNDERTAKING PROVIDED BY TALENT RAINBOW IN FAVOUR OF BRILLIANT KING

In consideration of Brilliant King's investment in Boundary Bay, Talent Rainbow irrevocably undertakes to Brilliant King that if the corresponding loss, as shown in the audited annual financial statements of Boundary Bay, attributable to Brilliant King exceeds 20% of the amount of capital invested by Brilliant King in Boundary Bay, Brilliant King shall have the right to request Talent Rainbow to acquire Brilliant King's entire shareholding interest in Boundary Bay. The purchase price shall be the total investment contributed by Brilliant King plus an interest calculated based on the benchmark interest rates of the United States Federal Reserve at the time when Talent Rainbow purchases the shares from Brilliant King.

REASONS FOR AND BENEFITS OF THE FORMATION OF BOUNDARY BAY

The purpose of forming Boundary Bay is to acquire the Target Company and further develop the sports tourism business. The Board believes that the acquisition of the Target Company will provide synergy to the principal operations of the Group. In addition, the Board believes that holding US Dollars assets will be conducive to preserving and enhancing the value of the Group's assets. Moreover, the acquisition of the Target Company will enable the Group to utilize its idle funds to secure investment returns.

The Board (including the independent non-executive Directors) is of the view that the terms and conditions of the Shareholders' Agreement and the Acquisition are on normal commercial terms, fair and reasonable and in interests of the Company and its Shareholders as a whole. As Mr. Chen shall indirectly own, through Talent Rainbow, 55% of the issued share capital of Boundary Bay, and is Ms. Chen Chen's associate, both of Mr. Chen and Ms. Chen Chen shall be required to abstain from voting from the relevant resolutions of the Board. Other than these two Directors, none of the Directors has a material interest in the formation of Boundary Bay or shall be required to abstain from voting from the relevant resolutions of the Board.

INFORMATION ON THE COMPANY, TALENT RAINBOW AND MENGFA INTERNATIONAL

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 PRC, Macau and Japan. Talent Rainbow, a company incorporated in British Virgin Islands and is an investment holding company wholly-owned by Mr. Chen. Mengfa International, a company incorporated in Canada and is an investment holding company.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Talent Rainbow is wholly-owned by Mr. Chen (a Director and the controlling shareholder of the Company) and is therefore an associate of Mr. Chen and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the establishment of Boundary Bay between Talent Rainbow, Brilliant King and Mengfa International constitutes a connected transaction of the Company. As one or more of the applicable percentage ratios (as defined under the Listing Rules) exceed 0.1% but fall below 5%, the establishment of Boundary Bay with amongst others, Talent Rainbow shall be subject to the annual review and disclosure requirements but exempt from independent shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Acquisition”	sale and purchase of the 100% of the partnership interests in the Target Company
“Board”	the board of Directors
“Boundary Bay”	Boundary Bay Investment LLC, a Washington limited liability company, to be formed between Brilliant King, Talent Rainbow and Mengfa International pursuant to the Shareholders’ Agreement
“Brilliant King”	Brilliant King Group Ltd., a company incorporated in British Virgin Islands, and is the direct wholly-owned subsidiary of the Company
“China” or the “PRC”	the People’s Republic of China
“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
“Group”	the Company and its subsidiaries
“Independent Third Party(ies)”	party(ies) that is/are independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Marina”	a marina located at Washington, U.S. and approximately 159 acres of undeveloped land surrounding the marina, together with all rights appurtenant thereto and all improvements located thereon
“Mengfa International”	Mengfa International Resources Inc, a company incorporated in Canada, and an Independent Third Party
“Mr. Chen”	Mr. Chen Yihong, an executive Director and the controlling shareholder of the Company
“Shareholders’ Agreement”	a shareholders’ agreement dated 30 April 2015 entered into between Brilliant King, Talent Rainbow and Mengfa International
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Talent Rainbow”	Talent Rainbow International Limited, a company incorporated in British Virgin Islands, and is wholly owned by Mr. Chen
“Target Company”	a Washington limited partnership, the owner and operator of the Marina

“U.S.” the United States of America

“US\$” United States Dollars, being the lawful currency of the U.S.

“%” per cent

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

30 April 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.