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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 IN RELATION TO INVESTMENT IN YUNFENG FUNDS

The Board is pleased to announce that Bright Pacific (a direct wholly-owned subsidiary of the Company) entered into the Subscription Agreements and the Limited Partnership Agreements on 22 September 2011, pursuant to which Bright Pacific agreed to subscribe for limited partnership interests with a total capital commitment of US\$100 million in the Yunfeng Funds. The Yunfeng Funds are limited partnerships established for the purpose of making investments in the Alibaba Group.

As more than one of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules exceed 5% but are less than 25%, the Investment constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempt from shareholders' approval requirement under chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that Bright Pacific (a direct wholly-owned subsidiary of the Company) entered into the Subscription Agreements and the Limited Partnership Agreements on 22 September 2011, pursuant to which Bright Pacific agreed to subscribe for limited partnership interests with a total capital commitment of US\$100 million in the Yunfeng Funds, each of which is a limited partnership established for the purpose of making investments in Alibaba Group. Bright Pacific will be one of the Limited Partners in the Yunfeng Funds upon completion of the transactions contemplated under the Subscription Agreements and the Limited Partnership Agreements.

PRINCIPAL TERMS

The principal terms of the Subscription Agreements and the Limited Partnership Agreements are as follows:

Subscription Agreements

Date

22 September 2011

Parties

The parties are (i) Bright Pacific, a direct wholly-owned subsidiary of the Company and (ii) the General Partner of the relevant Yunfeng Fund. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the General Partners and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

Subscription of limited partnership interests

Bright Pacific has agreed to subscribe for limited partnership interests in the Yunfeng Funds with a total capital commitment of US\$100 million. Pursuant to the terms of the Subscription Agreements, Bright Pacific shall make such contribution to the capital of the Yunfeng Funds in cash on the Initial Payment Date. Bright Pacific's limited partnership interests to be acquired in the Yunfeng Funds are minority interests and do not give it any control over the Yunfeng Funds.

The amount of capital commitment to be made by Bright Pacific was determined with reference to value of the assets that are expected to be acquired by the Yunfeng Funds upon completion. The Company will meet its contribution commitment from internal resources.

Limited Partnership Agreements

Date

22 September 2011

Parties

The parties are (i) Bright Pacific; (ii) the General Partner of the relevant Yunfeng Fund, and (iii) other Limited Partners, of the relevant Yunfeng Fund. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the General Partners, the Limited Partners and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

Pursuant to the Limited Partnership Agreements, the General Partner of each Yunfeng Fund has the exclusive responsibility for the operation of the relevant Yunfeng Fund and the management, policy, conduct of its business and affairs and take all investment decisions on behalf of such Yunfeng Funds. The Limited Partners (including Bright Pacific) will not take part in the conduct or management of the Yunfeng Funds and will have no right or authority to act for the Yunfeng Funds or interfere in the conduct or management of the Yunfeng Funds. They will be provided with reasonable access to books and records and annual accounts of the Yunfeng Funds from time to time.

Distributions

Distributions shall be made to the Limited Partners on a pro rata basis (to the extent practicable) in proportion to each of their respective capital contribution to each Yunfeng Fund.

Transfers of interests by Limited Partners

The interests in each Yunfeng Fund may not be transferred by any Limited Partner except with the prior written consent of the General Partner which consent may be given or withheld in the sole and absolute discretion of the General Partner. No additional partner may be admitted to the partnership unless it becomes a party to the Limited Partnership Agreement and its subscription is accepted by the General Partner.

Term of the Yunfeng Funds

Each of the Yunfeng Funds has an initial term of 10 years which may be extended for 2 years by the General Partner and further extended upon written election of a majority of the Limited Partners. Each of the partnerships may be terminated earlier if the partnership has disposed of all of its portfolio investments.

Use of investment proceeds by the Yunfeng Funds

The investment proceeds to be raised from Bright Pacific and other Limited Partners will be used by each Yunfeng Fund for the purpose of funding the acquisitions of a minority interest in Alibaba Group.

Alibaba Group and its subsidiaries are third parties independent of the Company and its connected persons. Alibaba Group is a global e-commerce leader and the largest e-commerce company in China. It is principally engaged through its subsidiaries and affiliates in providing business to business and consumer e-commerce, online payment, cloud computing services and technology and other related services through the Internet, including through Alibaba.com Limited, a listed company in Hong Kong.

INFORMATION ON BRIGHT PACIFIC AND THE COMPANY

Bright Pacific, a wholly-owned subsidiary of the Company, is an investment holding company. 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.

INFORMATION RELATING TO THE YUNFENG FUNDS

Each of the Yunfeng Funds is an exempted limited partnership established for the sole purpose of making investments in Alibaba Group, whose partners include the General Partner and the Limited Partners. The General Partner of each Yunfeng Fund is an exempted company with limited liability incorporated under the laws of the Cayman Islands.

The Yunfeng Funds do not currently have any assets as they are newly set up vehicles established for the sole purpose of making investments in Alibaba Group. The Yunfeng Funds would use the proceeds obtained from the Limited Partners for acquiring shares of Alibaba Group.

REASONS FOR THE INVESTMENT

Pursuant to the terms of the Subscription Agreements and the Limited Partnership Agreements, Bright Pacific shall subscribe for a limited partnership interest in the Yunfeng Funds which in turn would use the subscription moneys raised from the Limited Partners to acquire shares of Alibaba Group. The General Partners will be solely responsible for the management and control of the Yunfeng Funds.

The Directors believe that the Investment will enable the Group to hold a financial investment, through the Yunfeng Funds, in a top-tier company engaging in e-commerce and technology business, which the Directors believe will provide economic benefits to the Group including dividends and other economic interests from Alibaba Group.

In view of the above reasons, the Directors (including the independent non-executive directors) are of the opinion that the terms of the Subscription Agreements and the Limited Partnership Agreements are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As more than one of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules exceed 5% but are less than 25%, the Investment constitutes a discloseable transaction for the Company and is subject to reporting and announcement requirements but exempt from shareholders' approval requirement 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:

“Alibaba Group”	Alibaba Group Holding Limited, a company incorporated in the Cayman Islands with limited liability, is a global e-commerce leader and the largest e-commerce company in China. It is principally engaged through its subsidiaries and affiliates in providing business to business and consumer e-commerce, online payment, cloud computing services and technology and other related services through the Internet, including through Alibaba.com Limited, a listed company in Hong Kong.
“Board”	the board of Directors
“Bright Pacific”	Bright Pacific Enterprises Limited (明泰企業有限公司), a company incorporated under the laws of the British Virgin Islands with limited liability, which is a direct wholly-owned subsidiary of the Company
“Closing Date”	22 September 2011
“Company”	China Dongxiang (Group) Co., Ltd. (中國動向(集團)有限公司), a company incorporated under the laws of the Cayman Islands with limited liability and whose shares are listed on the Stock Exchange
“Connected person(s)”	shall have the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company

“General Partner”	the general partner of each of the Yunfeng Funds from time to time, which are currently Yunfeng e-Commerce A GPGP Limited and Yunfeng e-Commerce B GPGP Limited, each of which is a Cayman Islands exempted company with limited liability
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Initial Payment Date”	the Closing Date or such later date as determined by the General Partner in its sole discretion, on which date each partner of the Yunfeng Funds shall be required to make its capital contribution as specified by the General Partner in a written notice to the Limited Partners
“Investment”	the subscription of limited partnership interests in Yunfeng Funds by Bright Pacific pursuant to the terms of the Subscription Agreements and the Limited Partnership Agreements
“Limited Partners”	the limited partners of Yunfeng Funds
“Limited Partnership Agreements”	the Fourth Amended and Restated Limited Partnership Agreement and the Second Amended and Restated Limited Partnership Agreement of the Yunfeng Funds as the same may be amended and restated from time to time
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreements”	the subscription agreements for limited partnership interests in the Yunfeng Funds dated 22 September 2011 relating to the Investment
“US\$”	United States dollar, the lawful currency of the United States of America
“Yunfeng Funds”	Yunfeng e-Commerce A Fund, L.P. and Yunfeng e-Commerce B Fund, L.P., each of which is an exempted limited partnership formed under the law of the Cayman Islands established for the purpose of making investments in Alibaba Group

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

Hong Kong, 22 September 2011

As at the date of this announcement, the executive directors of the Company are Mr. Chen Yihong, Mr. Qin Dazhong and Ms. Sandrine, Suzanne, Eléonore, Agar Zerbib, the non-executive director of the Company is Mr. Gao Yu, and the independent non-executive directors of the Company are Mr. Xu Yudi, Dr. Xiang Bing and Mr. Jin Zhi Guo.