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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)

OPERATIONAL DATA FOR THE SECOND QUARTER AND THE FIRST HALF OF THE FINANCIAL YEAR 2019/20

This announcement is made on a voluntary basis by the board of directors (the “**Board**”) of China Dongxiang (Group) Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) for providing operational data of the Group for the second quarter of the three months ended 30 September 2019 (“**FY2019/20 Q2**”) and the six months ended 30 September 2019 (“**FY2019/20 1H**”).

RETAIL PERFORMANCE

For the FY2019/20 Q2, the retail performance of Kappa stores (excluding Kappa kids’ apparel business and Japan business) for the overall platform registered a mid-teens growth on a year-on-year basis, of which the off-line business recorded a high single digit growth and the e-commerce business recorded a mid-to-high-fifties growth.

For the FY2019/20 1H, the accumulated retail performance for the overall platform registered a low-teens growth on a year-on-year basis, of which the off-line business recorded a mid-to-high single digit growth and the e-commerce business recorded a low-forties growth.

SAME-STORE-SALES (SSS)

For the FY2019/20 Q2, in respect of Kappa stores (excluding Kappa kids' apparel business and Japan business) which have been in operation since the beginning of the same quarter last year, the SSS for the overall platform registered a mid-to-high single digit increase on a year-on-year basis, of which the off-line business recorded a low single digit decrease while the e-commerce business registered a mid-to-high-fifties growth.

For the FY2019/20 1H, the SSS for the overall platform registered a mid-to-low single digit increase on a year-on-year basis, of which the off-line business recorded a mid-to-low single digit decrease while the e-commerce business registered a low-forties growth.

NUMBER OF STORES

For the second quarter ended 30 September 2019, the number of retail stores of the Group under Kappa brand was 1,176 (excluding Kappa kids' apparel business and Japan business), representing a net decrease of 33 as compared with that as at 31 March 2019 (“**the end of FY2018/19**”). The Group will further reduce the number of stores with unsatisfactory performance.

OPERATIONAL UPDATE ON SPORTSWEAR BUSINESS IN CHINA

The Group's Kappa brand business is in a period of transformation, with continued recovery in the overall business of the brand. Attributed by the Group's reforms and effective channel strategy, growth momentum of the e-commerce business, outlet channel and certain major retail regions has been established.

Due to the change in sales strategies, the Group recorded an increase in short-term inventory. The Group will improve the management of product life cycle in order to lower the level of inventory. The Group will continue its reform on direct-franchise, with outlets and shopping malls being the priority. Meanwhile, localisation of nationwide sales team will continue, to support the product turnover of the direct-sale and direct-franchised customers and the implementation of retail activities. Furthermore, the Group will further introduce talents for product research and development to lay a solid ground for future product reforms.

The Company's shareholders and potential investors should note that this announcement is made based on a preliminary review of the draft unaudited operational data of the Group and the information currently available to the Board, which has not been reviewed or audited by the Group's auditors. The data do not constitute, represent or indicate the full picture of the Group's total revenue or financial performance and the information contained in this announcement may be subject to change and adjustment.

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, 21 October 2019

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. Gao Yu and Mr. Liu Xiaosong.