

**Press Release**

**[For Immediate Release]**



**China Dongxiang (Group) Co., Ltd.**

**中國動向（集團）有限公司**

**China Dongxiang Achieves a YoY Mid Single Digit Growth  
In Retail Performance for 1Q2019**

(12 April 2019 - Hong Kong) The leading international sportswear brand enterprise in the PRC, **China Dongxiang (Group) Co., Ltd.** ("China Dongxiang" or "the Company", together with its subsidiaries, "the Group", HKEx stock code: 3818) announces operational data for the first quarter of 2019 (1Q2019).

In 1Q2019, the retail performance of Kappa stores (excluding Kappa Kids business and Japan business) for the overall platform registered a mid single digit growth on a year-on-year basis, of which the off-line business was in line with that in the same period last year and the e-commerce business recorded a growth of 35%–45%. The same-store-sales for the overall platform registered a low single digit decrease on a year-on-year basis, of which the off-line business recorded a high single digit decrease while the e-commerce business registered a growth of 35%–45%. As of 1Q2019, the number of retail stores of the Group under Kappa brand was 1,207 (excluding Kappa Kids business and Japan business), representing a net increase of 27 as compared with that as at the end of 2018.

The Group's Kappa brand business is in a period of transformation. For the 1Q2019, due to improvement of products and effective marketing strategy, the online business recorded a significant growth and the proportion of younger consumers online continued to increase. Though the offline business performance did not reach the Group's initial target, the retail performance of shopping malls are significantly better than departmental stores from a channel perspective. Therefore, the Group will continue to implement according to the Group's established channel strategy, which is to increase the percentage of shopping mall stores. From a product category perspective, the Group's footwear business is on the way to recovery after a year of reform, which resulted in a growth of approximately 50% year-on-year within this period.

**Mr. Zhang Zhiyong, Executive Director, CEO and President of China Dongxiang**, said, "For the 1Q2019, the adjustments of customers in accordance to the first step of channel reform is completed. The Group's self-owned stores and direct-franchise customers' stores accounts to more than 90% of the Group's total business. Next, in order to ensure accurate information for the upcoming rapid product mobilization, the Group will proactively implement

the integration of direct-franchise customers' system with the Group's ERP system. Also, in order to provide guarantee for rapid product mobilization, two new nationwide logistics distribution centers will be completed next quarter, and the omni-channel circulation of products will begin then. The Group will be more focused on product reform based on the brand's target customers in the near future, to inject key driver for the brand's growth.

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**About China Dongxiang (Group) Co., Ltd. (Stock code: 3818)**

China Dongxiang (Group) Co., Ltd. is a leading international sportswear brand enterprise in China which has been listed on the Main Board of the Hong Kong Stock Exchange since 10 October 2007. The Group is primarily engaged in the design, development, marketing and wholesale of branded sportswear in China. Currently, China Dongxiang owns all rights to the internationally renowned Kappa brand in China, Macau and Japan. On 1 May 2008, China Dongxiang completed the acquisition of PHENIX, a Japanese sportswear enterprise. PHENIX is the most popular ski brand in Japan with the largest market share, as well as a well-known brand in the international market.

*Issued by Cornerstones Communications Ltd. on behalf of **China Dongxiang (Group) Co., Ltd.** For further information, please contact:*

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