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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 FOURTH QUARTER AND THE TWELVE MONTHS OF FY2019/20

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 three months ended 31 March 2020 (“**FY2019/20 Q4**”) and operating conditions for the twelve months ended 31 March 2020 (the “**Twelve Months of FY2019/20**”).

RETAIL PERFORMANCE

For the FY2019/20 Q4, the retail performance of Kappa stores (excluding Kappa kids’ apparel business and Japan business) for the overall platform registered a high-twenties decrease on a year-on-year basis, of which the offline business recorded a low-to-mid-thirties decrease, and the e-commerce business recorded a low-teen decrease.

The retail performance of the overall platform for the Twelve Months of FY2019/20 recorded a low-single-digit growth on a year-on-year basis, of which offline business recorded mid-to-low single-digit decrease, and e-commerce business recorded high-twenties growth.

SAME-STORE-SALES (SSS)

For the FY2019/20 Q4, 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-low single-digit decrease on a year-on-year basis. Among them, offline business recorded a low single-digit decrease (excluding the temporary store closure period due to the COVID-19, measurement of same-store growth remains the same as previous practice), and e-commerce business recorded a low-teen decrease.

The same-store sales for the overall platform for the Twelve Months of FY2019/20 recorded a mid-to-low single-digit growth on a year-on-year basis, of which offline business recorded a mid-to-low single-digit decrease (excluding the temporary store closure period due to the COVID-19, measurement of same-store growth remains the same as previous practice), and e-commerce business recorded a high-twenties growth.

NUMBER OF RETAIL STORES

For the fourth quarter ended 31 March 2020, the number of Kappa-branded stores of the Group was 1,129 (excluding Kappa kids' apparel business and Japan business), which was a net decrease of 80 as compared to those as at March 31 2019 (“**the end of FY2018/19**”). In the next step, the Group will continue to step up efforts to close inefficient stores. For the period from the outbreak of COVID-19 to 31 March 2020, 1,106 Kappa-branded stores of the Group (excluding Kappa kids' apparel business and Japan business) have resumed operations, accounting for 98% of the total.

OPERATIONAL UPDATE ON KAPPA BUSINESS

2020 is the third year of full implementation of direct-franchise model by the Group as well as an important year for the Group to lay a concrete foundation for long-term development. With further reforms in sales channels, products and supply chain management, Kappa brand of the Group has been making some progress with initial achievements.

During the period, the Group unleashed the power of the competitive advantages of sales teams established in various regions by orderly improving and implementing localised strategies for sales teams, accelerating optimisation of incentive scheme as well as enhancing the overall motivation. Given the end of the adaptation period of the teams, in addition to on-going steady growth in performance of outlet channels and Shanxi-Shandong-Henan region, performance of offline business in Central China, West China and South China has achieved significant growth since the beginning of the year.

Meanwhile, the Group has greatly facilitated the establishment and reform of product teams with an aim to enhance core competitiveness of its brand. At present, the organisational structure of the product teams has, in substance, entered into a stage of adjustment and improvement. The Group will further optimise the establishment of its product teams and improve the mechanism for internal synergy for increasing core competitiveness of its product teams so as to provide strong protection for future development of the brand and long-term business growth.

Looking forward, the Group will adhere to implement its established strategies and pay more attention to the specific reform measures with high importance, including on-going enhancement of localised management of sales teams, deepening of reforms on product

sales teams, further acceleration of merchandise turnover in omni-channel retailing, reduction of inventory level and optimisation of establishment of product teams, in order to precisely target its consumer markets with its products.

As at the date of this announcement, the impacts of the outbreak of the COVID-19 on the ordinary operation of Kappa business of the Group have been temporary and limited. As there are uncertainties amid the outbreak in different aspects, the board and the management of the Company will continue to closely monitor the change of the outbreak as well as the daily operation of the Group by strengthening supervision and control over its operation for the sake of minimising negative impacts of the outbreak and protecting the value of the Group and the interests of its shareholders.

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, 17 April 2020

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.