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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)**

**BUSINESS UPDATE  
DISTRIBUTION AND LICENSE AGREEMENT  
IN RELATION TO “PHENIX” TRADEMARKS**

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 updates on the business development of the Group.

The Company is pleased to announce that on 7 October 2020, the Company as licensor (the “**Licensor**”), Shiffon Co., Ltd. as licensee (the “**Licensee**”) and the Licensee’s actual controller as the licensee’s guarantor (the “**Guarantor**”) entered into a distribution and license agreement (the “**Agreement**”), pursuant to which the Licensor granted to the Licensee an exclusive right to utilize certain “Phenix” trademarks in connection with the design, manufacture, sales and marketing of certain products within Japan and other regions including certain European regions, Korea, Australia and the United States of America (other than the People’s Republic of China (“**PRC**”)) where the Group owns the trademark rights in connection with the “Phenix” brand. The term of the Agreement is three years and three months from 1 January 2021 to 31 March 2024, with an option to extend for a further two years as agreed by the parties to the Agreement. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Licensee, its ultimate beneficial owners and the Guarantor are third parties independent of each of the Company and its connected persons.

“Phenix” brand has maintained a leading position in the Japanese skiwear market for its high quality, functional performance and fashionable style. As mentioned in the Company’s announcement dated 31 July 2020, the Group has been reviewing its business operations in Japan and intends to focus its core businesses in the PRC with the aim to become one of the best multi-brand sportswear enterprises in the PRC. Therefore, following the disposal of the trademarks of the “Kappa” brand in Japan in July 2020, the Group has also decided to license the “Phenix” brand to the Licensee, a company engaging in the production and sales of garments and sports products with strong retail and distribution network within and outside of Japan. The Directors believe that with the shift from direct distribution and sales of “Phenix” branded products to the licensing arrangement with a reputable local distributor in Japan, the Group will be able to allocate all of its resources and marketing efforts on its core brands in the PRC market.

The Directors consider that the terms of the Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole. In addition, the transaction contemplated under the Agreement is conducted in the ordinary course of business of the Company and revenue in nature, and therefore does not constitute a notifiable transaction under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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

Hong Kong, 7 October 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.*