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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
BRAND LICENSE AGREEMENT
IN RELATION TO “KAPPA KIDS” 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 6 January 2022, Shanghai Kappa Kids Sporting Goods Co., Ltd. (上海卡帕動力兒童用品有限公司) (an indirect wholly-owned subsidiary of the Company) as licensor (the “**Licensor**”) entered into a brand license agreement (the “**Agreement**”) with Quanzhou Pingbu Shoes Co., Ltd. (泉州平步鞋業有限公司) as licensee (the “**Licensee**”) and certain of the Licensee’s related parties as guarantors (the “**Guarantors**”), pursuant to which the Licensor granted to the Licensee an exclusive right to utilise certain “Kappa Kids” trademarks in connection with the design, manufacture, sales and marketing of certain products in the People’s Republic of China (the “**PRC**”) (which for the purpose of this announcement, excludes the Hong Kong Special Administrative Region of the PRC, Taiwan and the Macau Special Administrative Region of the PRC). The term of the Agreement is ten years from 1 July 2022 to 30 June 2032.

The Board believes that with the shift from the direct production, distribution and sales of “Kappa Kids” branded products to the licensing arrangement with a reputable manufacturer and wholesaler of sportswear, footwear and sports equipment in the PRC, the Group will be able to allocate all of its resources and marketing efforts on its core brands in the PRC market.

To the best of the knowledge, information and belief of the Company's directors having made all reasonable enquiries, the Licensee, the Guarantors and their ultimate beneficial owners are third parties independent of each of the Company and its connected persons, and thus the transaction contemplated under the Agreement does not constitute a connected transaction under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The Board considers 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 Listing Rules.

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

Hong Kong, 6 January 2022

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.