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DONGXIANG

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 2018

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 and the first half of 2018.

SAME-STORE-SALES (SSS)

For the second quarter ended of 2018, in respect of Kappa stores (excluding Kappa Kids business and Japan business) which have been in operation since the beginning of the same quarter last year, the SSS for the overall off-line platform registered a mid to low single digit decrease on a year-on-year basis. For the first half of 2018, the aggregated SSS for the overall off-line platform registered a mid to low single digit growth on a year-on-year basis.

RETAIL PERFORMANCE

For the second quarter ended of 2018, the retail performance of Kappa stores (excluding Kappa Kids business and Japan business) for the overall off-line platform remained stable compared to same quarter last year. For the first half of 2018, the aggregated retail performance for the overall off-line platform registered a mid to low single digit growth on a year-on-year basis.

For the first half of 2018, the Company managed to achieve a growth in SSS and retail performance against the decline in forward orders by 20% to 25% year-on-year. For the quarter ended 30 June 2018, the Company’s inventory balance (in terms of retail tag price) registered a low double-digit decrease compared to the end of 2017. In addition, for the first half of 2018, certain new regional retailers with strong sales potential were

engaged, providing driving force for the opening of more stores with high retail performance for the second half of the year. Also, for the first half of 2018, the retail performance of the 45 stores which had undergone renovation was prominently improved. Meanwhile, the Company will also be closing down and renovating stores with lower retail performance, ensuring the high same store sales growth of the year. We believe that the Kappa brand has survived its most difficult period.

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, 13 July 2018

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. Chen Johnny and Mr. Gao Yu.