

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

PROFIT WARNING

This announcement is made by China Dongxiang (Group) Co., Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company and potential investors that, based on its preliminary assessment of the unaudited consolidated management accounts of the Group and information currently available to the Board, the Group expects to record a net loss attributable to the equity holders of not more than RMB1,800 million for the twelve months ended 31 March 2022 as compared to a net profit attributable to the equity holders of approximately RMB1,811 million for the twelve months ended 31 March 2021.

The expected net loss for the twelve months ended 31 March 2022 is mainly attributable to:

1. Compared to the substantial growth in investment income for the financial year ended 31 March 2021, the fair value of equities and secondary-market funds held by the Group has decreased significantly since March 2021 due to macroeconomic fluctuations, resulting in a substantial loss in the book value of investments for the financial year ended 31 March 2022;
2. Sales revenue falling short of expectations: the Group’s sales revenue was flat compared to the same period last year, but less than expected as there was a decline in customer visits caused by the COVID-19 outbreaks in certain regions of China;

3. Provision for impairment: in view of sales revenue falling short of expectations and the notable increase in end-of-period inventories, the Company has made provision for impairment of its inventories as a matter of prudence considering that the impact of the COVID-19 in China in the near future is hard to be determined;
4. Increase in expenses: the Group increased investment in brand marketing, human resources and sales channel during the twelve months ended 31 March 2022, resulting in considerable increase in expenses.

The Group will continue to review its retail performance proactively and enhance its retail operational efficiency, promote product reforms and updates which focus on consumer needs, optimise product mix, improve the efficiency of individual stores and actively putting in place countermeasures in response to the impact of COVID-19. At the same time, the Group will also strive to continue to optimise its investment asset portfolio, further strengthen cooperation with its investment project managers, advance new project investment in a prudent manner and facilitate timely and reasonable divestments of investment projects.

This announcement is made solely on the basis of a preliminary assessment made by the Board with reference to information available for the time being, such as the unaudited consolidated management accounts of the Group, which are subject to adjustments. The Company is in the process of preparation for the final results of the Group for the twelve months ended 31 March 2022, which is expected to be published by the end of June 2022.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 2 June 2022

As at the date of this announcement, the executive directors of the Company are Mr. Chen Yihong, Ms. Chen Chen, Mr. Zhang Zhiyong and Mr. Lyu Guanghong, and the independent non-executive directors of the Company are Dr. Chen Guogang, Mr. Gao Yu and Mr. Liu Xiaosong.