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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)

**ANNOUNCEMENT
UPDATE OF CONTINUING CONNECTED TRANSACTIONS**

**THE 2020 RENEWED FRAMEWORK AGREEMENT AND THE 2023 RENEWED
FRAMEWORK AGREEMENT**

Reference is made to the announcements of the Company dated 30 June 2020 and 30 June 2023 and circular of the Company dated 31 July 2023.

On 30 June 2020, Shanghai Kappa (an indirect wholly-owned subsidiary of the Company) and Mai Sheng Yue He (a connected person of the Company) entered into the 2020 Renewed Framework Agreement pursuant to which Shanghai Kappa agreed to supply sport-related products to Mai Sheng Yue He effective from 1 April 2021 to 31 March 2024, which constituted continuing connected transactions of the Company under the Listing Rules. To continue with the transactions contemplated under the 2020 Renewed Framework Agreement, on 30 June 2023, Gaea and Mai Sheng Yue He entered into the 2023 Renewed Framework Agreement pursuant to which Gaea granted Mai Sheng Yue He a non-exclusive right to distribute and sell on a consignment basis or a direct sales basis sport-related products of the Group, including sportswear and related products of the “Kappa” brand and other brands of the Group to be developed, licensed or acquired in future under the terms of the 2023 Renewed Framework Agreement, effective from 1 April 2024 to 31 March 2027.

THE NOVATION AGREEMENTS

On 15 December 2023, Gaea was notified by Mai Sheng Yue He that it (and its subsidiaries) intended to cease acting as distributor(s) and/or purchase products from the Group for sale on consignment basis or direct sale under the 2020 Renewed Framework Agreement and the 2023 Renewed Framework Agreement. In substitution of Mai Sheng Yue He, Beijing Yi Jing Yi Dong and Beijing Jun Ling, being entities controlled by the ultimate controllers of Mai Sheng Yue He, shall act as the distributor(s) under the 2020 Renewed Framework Agreement and the 2023 Renewed Framework Agreement.

To effect the novation of the relevant agreements, Gaea, Mai Sheng Yue He (and/or its direct wholly-owned subsidiaries), and the Assignees have entered into:

- (i) the Existing Novation Agreements, pursuant to which Mai Sheng Yue He and its certain direct wholly-owned subsidiaries transferred by novation to the respective Assignee all of their respective rights and obligations under certain specific agreements entered into under the 2020 Renewed Framework Agreement and the 2023 Renewed Framework Agreement with Gaea. Such transfer was effective from 1 January 2024; and
- (ii) the Deed of Novation, pursuant to which Mai Sheng Yue He transferred by novation all its rights and obligations under the 2023 Renewed Framework Agreement to the Assignees (and their respective subsidiaries, as applicable), with effect from 1 April 2024 (the “**Effective Date**”). Pursuant to the Deed of Novation, the Assignees have agreed to assume, and Mai Sheng Yue He have agreed to be released from, all the rights and obligations of Mai Sheng Yue He under the 2023 Renewed Framework Agreement from the Effective Date. Accordingly, the Assignees (and their respective subsidiaries, as applicable) shall substitute Mai Sheng Yue He (and its subsidiaries, as applicable) to distribute or sell the products of the Group under the 2023 Renewed Framework Agreement from the Effective Date under the same terms and conditions (including but not limited to the annual cap amounts) of the 2023 Renewed Framework Agreement.

Save as disclosed above, all other terms and conditions of the 2020 Renewed Framework Agreement and the 2023 Renewed Framework Agreement and the respective annual cap amounts contemplated thereunder remain unchanged. The assignment and novation do not constitute a material change to the original terms under the respective agreements for the following reasons:

1. the Assignees are entities controlled by the ultimate controllers of Mai Sheng Yue He, indicating that there is continuity in the control and management of business operations and there shall be no significant change in business practice or strategies after the novation; and

2. save for the substitution of Mai Sheng Yue He by the Assignees, all other terms and conditions under the 2020 Renewed Framework Agreement and the 2023 Renewed Framework Agreement remain unchanged. Therefore, despite the novation, the Assignees (and their respective subsidiaries) are expected to continue to distribute or sell the products of the Group under the same terms and conditions as initially agreed between Gaea and Mai Sheng Yue He under the respective agreements.

REASONS FOR ENTERING INTO THE NOVATION AGREEMENTS

Mai Sheng Yue He has been one of the largest distributors of the Group since 2010 and has maintained a very good business relationship with the Group. The assignment and novation was conducted for the following reasons:

1. as Mai Sheng Yue He intended to cease acting as distributor(s) and/or purchase products from the Group for sale on consignment basis or direct sale under the 2020 Renewed Framework Agreement and the 2023 Renewed Framework Agreement, transferring its rights and obligations to the Assignees ensure that the contractual obligations with Gaea would continue to be fulfilled and the Group's products continue to be sold and distributed pursuant to the 2020 Renewed Framework Agreement and the 2023 Renewed Framework Agreement without any interruptions; and
2. the assignment and novation is part of a broader strategy of Mai Sheng Yue He to restructure its business operations in response to market changes for clear regional segregation of sales and distribution and enhance operational efficiency, which could in turn streamline the sale and distribution procedure of the Group's products. In particular, Beijing Yi Jing Yi Dong is responsible for sale and distribution in Inner Mongolia, Shandong and Shaanxi areas and via online channels and Beijing Jun Ling is responsible for sale and distribution in Beijing and Hebei areas. These changes are conducive to enhancing the Group's competitiveness, improving the Group's operational efficiency and providing growth opportunities for the Group.

INFORMATION ON THE PARTIES

The Group

The Group is principally engaged in brand development, design and sales of sport-related apparel, footwear and accessories and investment activities in the PRC and abroad. Gaea is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company. It is an investment holding company and through its subsidiaries, principally engaged in design, sales and production of sport-related footwear, apparel and accessories in the PRC.

Mai Sheng Yue He

Mai Sheng Yue He is a company incorporated in the PRC with limited liability and is principally engaged in distribution and retail of sportswear including products of the Group principally in Beijing and nearby areas, Shandong, Shaanxi and Inner Mongolia. As of the date of this announcement, Mai Sheng Yue He is wholly-owned by Beijing Yi Tian Bo You Investment Co., Ltd.* (北京億天博佑投資有限公司) which is in turn owned as to 45%, 35% and 20%, respectively, by Mr. Chen Yiliang, Mr. Chen Yiyong and Mr. Chen Yizhong, each being a brother of Mr. Chen Yihong, an executive Director and the Chairman of the Company. Therefore, Mai Sheng Yue He is a connected person of the Company under Chapter 14A of the Listing Rules by virtue of it being an associate of Mr. Chen Yihong.

Jinan Mai Sheng Yue He

Jinan Mai Sheng Yue He Sportswear Company Limited* (濟南邁盛悅合體育用品有限公司) is a company incorporated in the PRC with limited liability and is principally engaged in distribution and retail of sportswear including products of the Group mainly in Jinan. Jinan Mai Sheng Yue He is a connected person of the Company under Chapter 14A of the Listing Rules by virtue of it being a direct wholly-owned subsidiary of Mai Sheng Yue He.

Xi'an Mai Sheng Yue He

Xi'an Mai Sheng Yue He Sportswear Company Limited* (西安邁盛悅合體育用品有限公司) is a company incorporated in the PRC with limited liability and is principally engaged in distribution and retail of sportswear including products of the Group mainly in Xi'an. Xi'an Mai Sheng Yue He is a connected person of the Company under Chapter 14A of the Listing Rules by virtue of it being a direct wholly-owned subsidiary of Mai Sheng Yue He.

Beijing Jun Ling

Beijing Jun Ling Sportswear Company Limited* (北京駿領體育用品有限公司) is a company incorporated in the PRC with limited liability and is principally engaged in sale of sporting goods and equipment, clothing and apparel, shoes and hats. Beijing Jun Ling is owned as to 80% and 20% by Mr. Chen Xiaohan, being the son of Mr. Chen Yiliang and thereby the nephew of Mr. Chen Yihong, an executive Director and the Chairman of the Company, and Ms. Chen Chuan, being the daughter of Mr. Chen Yizhong and thereby the niece of Mr. Chen Yihong. Therefore, Beijing Jun Ling is an associate of Mr. Chen Yihong and a connected person of the Company under Chapter 14A of the Listing Rules.

Beijing Yi Jing Yi Dong

Beijing Yi Jing Yi Dong Sportswear Company Limited* (北京亦競亦動體育用品有限公司) is a company incorporated in the PRC with limited liability and is principally engaged in sale of sporting goods and equipment, clothing and apparel, shoes and hats. Beijing Yi Jing Yi Dong is owned as to 80% and 20% by Mr. Chen Xiaohan and Mr. Chen Chengjun, being an independent third party. Therefore, Beijing Yi Jing Yi Dong is an associate of Mr. Chen Yihong and a connected person of the Company under Chapter 14A of the Listing Rules.

DEFINITION

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“2020 Renewed Framework Agreement”	the framework agreement dated 30 June 2020 entered into between Shanghai Kappa and Mai Sheng Yue He in relation to the supply of sport-related products by Shanghai Kappa to Mai Sheng Yue He effective from 1 April 2021 to 31 March 2024
“2023 Renewed Framework Agreement”	a conditional agreement dated 30 June 2023 entered into between Gaea and Mai Sheng Yue He in relation to the supply and sale of sport-related products by Gaea to Mai Sheng Yue He, or their respective subsidiaries, effective from 1 April 2024 to 31 March 2027
“Assignee(s)”	Beijing Yi Jing Yi Dong and Beijing Jun Ling
“Beijing Jun Ling”	Beijing Jun Ling Sportswear Company Limited* (北京駿領體育用品有限公司), a company incorporated in the PRC with limited liability, and a connected person of the Company
“Beijing Yi Jing Yi Dong”	Beijing Yi Jing Yi Dong Sportswear Company Limited* (北京亦競亦動體育用品有限公司), a company incorporated in the PRC with limited liability, and a connected person of the Company
“Board”	the board of Directors
“Company”	China Dongxiang (Group) Co., Ltd. (中國動向(集團)有限公司), a limited liability company incorporated in the Cayman Islands, the Shares of which are listed on the Main Board of the Stock Exchange

“Deed of Novation”	deed of novation dated 30 May 2024 entered into between Gaea, Mai Sheng Yue He and the Assignees pursuant to which Mai Sheng Yue He transferred by novation all its rights and obligations under the 2023 Renewed Framework Agreement to each of the Assignees
“Directors”	the directors of the Company
“Existing Novation Agreements”	novation agreements entered into between (i) Shanghai Kappa, Xi'an Mai Sheng Yue He and Beijing Yi Jing Yi Dong on 15 December 2023, (ii) Shanghai Kappa, Mai Sheng Yue He and Beijing Jun Ling on 15 December 2023; and (iii) Shanghai Kappa, Jinan Mai Sheng Yue He and Beijing Yi Jing Yi Dong on 15 December 2023
“Gaea”	Gaea Sports Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Jinan Mai Sheng Yue He”	Jinan Mai Sheng Yue He Sportswear Company Limited* (濟南邁盛悅合體育用品有限公司), a company incorporated in the PRC with limited liability, a direct wholly-owned subsidiary of Mai Sheng Yue He and a connected person of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mai Sheng Yue He”	Mai Sheng Yue He Sportswear Company Limited* (邁盛悅合體育用品有限公司), a company incorporated in the PRC with limited liability, and a connected person of the Company
“PRC”	the People’s Republic of China, which for the purposes of this announcement, shall not include Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	renminbi, the lawful currency of the PRC
“Shanghai Kappa”	Shanghai Kappa Sporting Goods Co., Ltd.* (上海卡帕體育用品有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Xi'an Mai Sheng Yue He” Xi'an Mai Sheng Yue He Sportswear Company Limited (西安邁盛悅合體育用品有限公司), a company incorporated in the PRC with limited liability, a direct wholly-owned subsidiary of Mai Sheng Yue He, and a connected person of the Company

“%” per cent.

* denotes as English translation of a Chinese name and is provided for identification purposes only.

In this announcement, unless the context otherwise requires, the terms “associate(s)”, “connected person(s)”, “connected transaction(s)” and “subsidiary(ies)” shall have the meanings given to such terms in the Listing Rules, as modified by the Stock Exchange from time to time.

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

Hong Kong, 30 May 2024

As at the date of this announcement, the executive directors of the Company are Mr. Chen Yihong, 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.