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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)

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 RMB800 million for the six months ended 30 September 2021 as compared to a net profit attributable to the equity holders of approximately RMB1,116 million for the six months ended 30 September 2020.

The expected net loss for the six months ended 30 September 2021 is mainly attributable to:

1. sales revenue for August and September 2021 fell short of expectations due to a number of adverse factors, including, among others, a decrease in customer flow as a result of COVID-19 outbreaks in certain regions of China and unfavourable weather in Northern China;
2. the Group has increased its investments in brand marketing, human resources and sales channels during the period, leading to an increase in expenses;

3. compared with the substantial increase in investment income in the 2020/21 financial year, the fair value of the equities and secondary market funds held by the Group has decreased due to macroeconomic fluctuations since March 2021, resulting in a loss in the book value of investments for the first half of the financial year.

The Group will continue to review its end-to-end retail performance proactively and enhance end-sales and operational efficiency, promote product reforms and updates which focus on consumer needs, optimise product mix and improve the efficiency of individual stores. At the same time, the Group will also strive to continue optimising its investment asset portfolio, further strengthen cooperation with its investment project managers, seek new project investment opportunities in a prudent manner and facilitate timely and reasonable investments and divestments.

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 interim results of the Group for the six months ended 30 September 2021, which is expected to be published by the end of November 2021.

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, 4 November 2021

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.