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DISCLOSEABLE TRANSACTION SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCT

THE SUBSCRIPTION

The Board is pleased to announce that, on 27 January 2026, Bright Pacific (a direct wholly-owned subsidiary of the Company) entered into an agreement to subscribe for the Wealth Management Product for US\$43,500,000 from HSBC Life.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Subscription exceeds 5% but are all less than 25%, the Subscription constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

SUBSCRIPTION OF THE WEALTH MANAGEMENT PRODUCT

The Board is pleased to announce that, on 27 January 2026, Bright Pacific (a direct wholly-owned subsidiary of the Company) entered into an agreement to subscribe for the Wealth Management Product from HSBC Life.

Principal terms of the Wealth Management Product

The principal terms of the Wealth Management Product are set out as follows:

Subscription date : 27 January 2026

Name of the Wealth Management Product : HSBC Infinite Wealth Insurance Plan

Policyholder/ beneficiary : Bright Pacific

Total actual subscription amount : US\$43.5 million

The actual subscription amount was determined after considering (1) the guaranteed and non-guaranteed return offered by HSBC Life to the Group for products with notional subscription amount exceeding or equal to US\$50 million; and (2) the potential return that could possibly be generated from the Subscription in light of the discount available. The Subscription shall be funded by internal resources and/or external financing of the Group.

Total notional premium amount : Approximately US\$50 million

Policy term : Whole of life of the insured.

If the insured passes away when the policy of the Wealth Management Product is in force, unless there is a contingent insured designated by the policyholder who becomes the new insured, the death benefit will be paid to the beneficiary (i.e., Bright Pacific), except where the insured commits suicide within one year from the signing date of the policy, the reinstatement date or the effective date for the change of the insured, whichever the later.

The death benefit shall be the higher of:

- (i) notional premium amount plus US\$2,500; and
- (ii) the guaranteed cash value,

plus any non-guaranteed special bonus, any policy value management balance and less any indebtedness.

Expected investment returns : The Wealth Management Product offers returns which consist of guaranteed cash value and non-guaranteed returns. Guaranteed cash value can be withdrawn upon surrender, lapse or termination of the policy or the death of the insured (unless there is a contingent insured who becomes the new insured).

If Bright Pacific surrenders within the first five years of the Subscription, it will only receive a guaranteed cash value that is lower than the actual subscription amount of US\$43.5 million, and the guaranteed cash value recoverable is expected to be not less than 97% of the actual subscription amount.

The Wealth Management Product will begin generating guaranteed positive returns starting from the sixth year of the subscription. Details of the expected guaranteed return are as follows for illustrative purposes:

End of policy year	Guaranteed cash value (in US\$)	Return to be generated (in US\$)
6th year	44,993,000	1,493,000
10th year	49,347,500	5,847,500
15th year	51,150,000	7,650,000
20th year	51,973,500	8,473,500
25th year	52,810,500	9,310,500
30th year	53,660,500	10,160,500

Non-guaranteed returns (if any) will be paid as special bonus to be declared by HSBC Life at its absolute discretion, which is payable when the policy is in force and upon occurrence of the following (whichever is the earliest):

- (i) the lapse, surrender or termination of the policy; or
- (ii) the death of the insured (unless there is a contingent insured who becomes the new insured).

Assuming the non-guaranteed special bonus are declared, the amount of non-guaranteed special bonus, total cash value and return to be generated are as follows for illustrative purposes:

End of policy year	Non- guaranteed cash value (in US\$)		Total cash value (in US\$)	Return to be generated (in US\$)
	Guaranteed cash value (in US\$)	guaranteed special bonus (in US\$)		
3rd year	42,500,000	7,550,000	50,050,000	6,550,000
5th year	42,500,000	12,900,000	55,400,000	11,900,000
10th year	49,347,500	25,250,000	74,597,500	31,097,500
15th year	51,150,000	47,250,000	98,400,000	54,900,000
20th year	51,973,500	78,100,000	130,073,500	86,573,500
25th year	52,810,500	148,600,000	201,410,500	157,910,500
30th year	53,660,500	233,900,000	287,560,500	244,060,500

Surrender

: Bright Pacific may surrender the Wealth Management Product at any time. Where upon surrender, Bright Pacific is entitled to the guaranteed cash value plus any non-guaranteed special bonus, policy value management balance (if applicable), less any indebtedness.

Asset/investment portfolio of the Wealth Management Product

: Based on information provided by HSBC Life, the asset/investment portfolio primarily consist of fixed income assets and growth assets.

Fixed-income assets primarily include fixed-income instruments issued by corporate entities with sound credit quality (average rating of A or above) and long-term growth prospects, such as government bonds and corporate bonds.

Growth assets may include equity investments and alternative investment vehicles such as real estate, private equity, or hedge funds, as well as structured products including derivatives, to deliver returns that better reflect long-term economic growth.

The investment portfolio will be diversified across different asset classes, various geographic markets (primarily Asia, the United States and Europe), currencies (primarily US\$) and industries. The investment portfolio will be prudently managed and monitored in accordance with HSBC Life's acceptable risk levels.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Company's subscription to the Wealth Management Product aligns with its prudent investment strategy of increasing its allocation to liquid and safe assets. This strategy, as disclosed in the Company's annual report dated 25 June 2025, aims to strengthen the Group's investment portfolio, enhance its ability to withstand risks, and achieve capital preservation and appreciation for the Group and its shareholders in the current economic environment.

The Wealth Management Product offers a guaranteed return and potentially higher overall return for the Group compared to the deposit interest rates generally offered by commercial banks. Although the total payout of the Wealth Management Product is not entirely guaranteed, based on materials provided by HSBC Life, the historical data of comparable wealth management products issued by HSBC Life have shown a 100% fulfilment track record in terms of non-guaranteed special bonus payout.

The Company will closely and effectively monitor and manage the Wealth Management Product on an ongoing basis. It is currently expected that the Group will review the Subscription for the Wealth Management Product on the third year of subscription. The Group will consider (i) the performance of the Wealth Management Product, and (ii) whether there will be other investment opportunities or products (including but not limited to time deposits) that may offer better and higher returns and interest rate, before making necessary decisions to continue with the Subscription or to proceed with surrender.

In view of the above reasons, the Directors (including the independent non-executive directors) are of the opinion that the Subscription is conducted under normal commercial terms, within the ordinary and usual course of the Group's operations, the terms of the Wealth Management Product are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE PARTIES

The Group

The Company is an investment company, whose subsidiaries are principally engaged in brand development, design and sales of sport-related apparel, footwear and accessories and investment activities in the PRC and abroad.

Bright Pacific is a company incorporated under the laws of the British Virgin Islands with limited liability. Bright Pacific is an investment holding company and direct wholly-owned subsidiary of the Company.

The insured

The insured is Ms. Chen Chen, the chief executive officer, president, co-chairman and executive Director of the Company.

Given that the insured is merely acting as a nominee of the Group in the Subscription and is neither the policy holder nor the beneficiary of the Wealth Management Product, Ms. Chen Chen was not considered to have any material interest in the Subscription and is thus, not required to abstain from voting on the Subscription as a Director.

HSBC Life

HSBC Life is a limited liability company incorporated in Bermuda. and an indirect wholly-owned subsidiary of HSBC Holdings plc. HSBC Life is a financial services company with its principal activity being insurance operations.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, HSBC Life and its ultimate beneficial owners are third parties independent of the Group and its connected persons.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Subscription exceeds 5% but are all less than 25%, the Subscription constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Bright Pacific”	Bright Pacific Enterprises Limited (明泰企業有限公司), a company incorporated under the laws of the British Virgin Islands with limited liability, which is a direct wholly-owned subsidiary of the Company
“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
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People's Republic of China

“HSBC Life”	HSBC Life (International) Limited, a company incorporated under the laws of Bermuda with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Shareholder(s)”	the holder(s) of the ordinary shares of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollar, the lawful currency of the United States of America
“Wealth Management Product”	HSBC Infinite Wealth Insurance Plan
“%”	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 “Independent Third Party (ies)” and “subsidiary (ies)” shall have the meaning 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, 27 January 2026

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 Mr. Gao Yu and Ms. Tang Songlian.