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Unless otherwise defined herein, terms used in this announcement shall have the same meanings as those defined in the prospectus dated 25 September 2007 (the “Prospectus”) issued by China Dongxiang (Group) Co., Ltd. (the “Company”).



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)

EXERCISE OF OVER-ALLOTMENT OPTION

The Company announces that the Over-allotment Option described in the Prospectus has been exercised in full by the Joint Global Coordinators on behalf of the International Underwriters on 18 October 2007 in respect of an aggregate of 206,250,000 Shares comprising of an aggregate of 177,150,000 additional shares to be allotted and issued by the Company and an aggregate of 29,100,000 additional shares to be sold by the Selling Shareholders, representing 15% of the Offer Shares initially available under the Global Offering.

The Over-allotment Shares will be issued and allotted by the Company at HK\$3.98 per Share (exclusive of brokerage of 1%, SFC transaction levy of 0.004% and Hong Kong Stock Exchange trading fee of 0.005%), being the Offer Price per Share under the Global Offering.

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Listing of and permission to deal in the Over-allotment Shares has already been granted by the Listing Committee of the Hong Kong Stock Exchange. Listing of and dealings in the Over-allotment Shares are expected to commence on the main board of the Hong Kong Stock Exchange at 9:30 a.m. on 24 October 2007.

The shareholding structure of the Company immediately before and immediately after the issue by the Company of the Over-allotment Shares is as follows:

	Immediately before the issue of the Over-allotment Shares		Immediately after the issue of the Over-allotment Shares	
	Number of Shares	Approximate percentage of the Company's issued share capital	Number of Shares	Approximately percentage of the Company's issued share capital
Poseidon	2,587,081,000	47.04%	2,587,081,000	45.57%
MS Apparel Limited and MS Apparel II Limited	669,800,000	12.18%	640,700,000	11.29%
Wise Finance Ltd.	241,864,000	4.40%	241,864,000	4.26%
Colour Billion Limited	345,520,000	6.28%	345,520,000	6.09%
Forever Step Investment Limited	151,165,000	2.75%	151,165,000	2.66%
Talent Hill Group Limited	64,785,000	1.18%	64,785,000	1.14%
Ease Luck Group Limited	64,785,000	1.18%	64,785,000	1.14%
Public	1,375,000,000	25.00%	1,581,250,000	27.85%
Total	<u>5,500,000,000</u>	<u>100.00%</u>	<u>5,677,150,000</u>	<u>100.00%</u>

The net proceeds to the Company of approximately HK\$684 million from the issue of the Over-allotment Shares by the Company will be used by the Company for the same purposes as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

Immediately after the issuance and allotment of the Over-allotment Shares, approximately 27.85% of the issued share capital of the Company will be held in public hands, which percentage will satisfy the public float requirements under Rule 8.08(1)(a) of the Hong Kong Listing Rules.

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

Hong Kong, 18 October 2007

Our Directors are Mr. CHEN Yihong and Mr. QIN Dazhong as executive Directors, Mr. GAO Yu as non-executive Director, and Dr. XIANG Bing, Mr. XU Yudi and Mr. MAK Kin Kwong as independent non-executive Directors.