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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)

PRICE SENSITIVE INFORMATION

LETTER OF INTENT ENTERED INTO IN RELATION TO THE ACQUISITION OF PHENIX CO., LTD.

This announcement is made pursuant to rule 13.09 of the Listing Rules.

THE ACQUISITION

On 13 March 2008, the Company and ORIX entered into a non-binding LOI in relation to the acquisition of the entire issued share capital of the Target at a price to be agreed. Pursuant to the LOI, ORIX agreed to negotiate with the Company on an exclusive basis, and if they reach agreement, the Parties intend to enter into definitive agreements regarding the Acquisition on or before 25 April 2008. The LOI will be terminated automatically at the earlier of 30 April 2008 or definitive agreements in relation to the Acquisition being entered into.

BACKGROUND

The Target is a company established under the laws of Japan which is an indirect wholly-owned subsidiary of ORIX. The Target is a sporting apparel company with core operations in design, development and sales. Its major brands include, among others, “PHENIX” in the ski and outdoor sportswear market globally and “KAPPA” in the football and athletic-wear market in Japan.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group believes that the Acquisition will bring synergy to the business of the Group and Phenix in both the PRC and Japan markets. Firstly, Phenix has strong design and development capabilities. The integration of the design and development function of Phenix will enhance the Group’s existing capabilities in this area and provide a strong platform for the Group’s long-term development of the “KAPPA” brand in the PRC market. Secondly, the acquisition of the Target provides a good opportunity for the Group to launch their high quality ski and outdoor sportswear in the PRC market. The Acquisition is also in line with the Group’s multi-

brand strategy. Thirdly, the Group intends to utilize and build upon its successful experience in brand management and operation to enhance the business performance of the Target, in particular the “KAPPA” brand in Japan.

The Group is committed to be one of the best multi-brand sportswear enterprises in the PRC. The “KAPPA” brand is the Group’s first brand and has provided a solid foundation for the Group to deploy its multi-brand strategy. By utilizing the management’s abundant experience in the sportswear industry and the Group’s strong financial resources, the Group endeavors to find and explore the opportunities to acquire the ownership or long term operating right of additional international brands in the PRC market. The Directors believe that the multi-brand strategy will enhance the value of the Shares and bring benefits to the shareholders and investors of the Company.

The Directors will ensure the compliance with the applicable Listing Rules requirements in relation to the disclosure, reporting and shareholders approval if and when definitive agreements are entered into.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

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| “Acquisition” | the proposed acquisition of the entire issued share capital of the Target by the Company pursuant to the LOI |
| “Company” | China Dongxiang (Group) Co., Ltd. 中國動向(集團)有限公司, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange |
| “Director(s)” | the director(s) of the Company |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Listing Rules” | Rules Governing the Listing of Securities on the Stock Exchange |
| “LOI” | the non-binding letter of intent entered into by the Company and ORIX in relation to the Acquisition on 13 March 2008 |
| “ORIX” | ORIX Corporation, a company formed under the laws of Japan with limited liability, the ultimate controlling shareholder of the Vendor and the Target |
| “Parties” | the parties to the LOI |
| “PRC” | the People’s Republic of China |

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| “Shares” | ordinary share(s) of HK\$0.01 each in the share capital of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Target” or “Phenix” | Phenix Co., Ltd., a company established under the laws of Japan |
| “Vendor” | OPI 2002 Investment Business Union, a partnership formed under the laws of Japan which is a wholly-owned subsidiary of ORIX and the sole shareholder of the Target as at the date of this announcement |

On Behalf of the Board
China Dongxiang (Group) Co., Ltd.
CHEN Yihong
Chairman

Hong Kong, 1 April 2008

As at the date of this announcement, the Board comprises two executive Directors, Mr. Chen Yihong and Mr. Qin Dazhong; one non-executive Director, Mr. Gao Yu; and three independent non-executive Directors, Dr. Xiang Bing, Mr. Xu Yudi and Mr. Mak Kin Kwong.