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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt** as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold** all your shares in China Dongxiang (Group) Co., Ltd., you should at once hand this circular and the accompanying form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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**DONGXIANG**  
**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)**

**RE-ELECTION OF DIRECTORS  
GENERAL MANDATE TO ISSUE SHARES  
GENERAL MANDATE TO REPURCHASE SHARES  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the annual general meeting of China Dongxiang (Group) Co., Ltd. to be held at 4/F., Harbourview Ballroom III, Four Seasons Hotel Hong Kong, 8 Finance Street, Central, Hong Kong on Thursday, 15 May 2008 at 10:00 a.m. is set out in this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting should you so wish.

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## DEFINITIONS

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*In this circular, unless the context states otherwise, the following expressions have the following meaning:*

“2007 Annual Report”	the annual report of the Company for the financial year ended 31 December 2007 dispatched to the Shareholders together with this circular
“AGM”	the annual general meeting of the Company to be held at 4/F., Harbourview Ballroom III, Four Seasons Hotel Hong Kong, 8 Finance Street, Central, Hong Kong on Thursday, 15 May 2008 at 10:00 a.m., notice of which is set out in this circular
“Articles of Association”	the articles of association of the Company
“Board”	the board of Directors of the Company
“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, the shares of which are listed on the main board of the Hong Kong Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	9 April 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s) in issue
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	per cent.

\* *denotes the English translation of a Chinese name and is for identification purposes only*

DONGXIANG

**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)**

*Executive Directors:*

Mr. Chen Yihong (陳義紅) (*Chairman*)

Mr. Qin Dazhong (秦大中)

*Non-executive Director:*

Mr. Gao Yu (高煜)

*Independent Non-executive Directors:*

Dr. Xiang Bing (項兵)

Mr. Xu Yudi (徐玉棟)

Mr. Mak Kin Kwong (麥建光)

*Registered Address:*

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Principal place of business in*

*Hong Kong:*

Office Unit 9, 13/F

Tower Two, Lippo Centre

No. 89 Queensway

Hong Kong

16 April 2008

*To the Shareholders*

Dear Sir or Madam,

**RE-ELECTION OF DIRECTORS  
GENERAL MANDATE TO ISSUE SHARES  
GENERAL MANDATE TO REPURCHASE SHARES  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to give Shareholders information on matters to be dealt with at the forthcoming AGM, which include the (i) re-election of Directors; and (ii) grant of general mandates to issue and repurchase Shares.

**RE-ELECTION OF DIRECTORS**

In relation to resolution No. 3(a) in the notice of the AGM, Mr. Chen Yihong (an executive Director), Mr. Qin Dazhong (an executive Director), Mr. Gao Yu (a non-executive Director) and Mr. Xu Yudi (an independent non-executive Director) shall retire at the AGM by rotation pursuant to Article 87 of the Articles of Association and the Code

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## LETTER FROM THE CHAIRMAN

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on Corporate Governance Practices set out in Appendix 14 of the Listing Rules and, being eligible, offer themselves for re-election. The biographical details and interests in the Shares of all retiring Directors proposed to be re-elected at the AGM are set out in Appendix I to this circular.

Under resolution No. 3(a), the re-election of Directors will be voted by the Shareholders individually.

### GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

By an ordinary resolution passed by the Shareholders on 12 September 2007, general and unconditional mandates were granted to the Directors to issue and repurchase Shares. Up to the Latest Practicable Date, the Directors have not exercised such mandates to issue and repurchase Shares and such mandates will expire at the closing of the AGM. The Directors believe that renewal of such general mandates is in the interest of the Company and the Shareholders. Accordingly, the following ordinary resolutions will be proposed at the AGM in order to grant to the Directors the new general and unconditional mandates to exercise the powers of the Company to issue and repurchase Shares:

- (i) an ordinary resolution (resolution No. 5) to grant to the Directors a general and unconditional mandate to authorise them to allot, issue and deal with the additional Shares up to 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the AGM (the “Issue Mandate”);
- (ii) an ordinary resolution (resolution No. 6) to grant to the Directors a general and unconditional mandate to authorise them to repurchase Shares up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the AGM (the “Repurchase Mandate”); and
- (iii) conditional upon the passing of the resolutions No. 5 and No. 6 as stated above, an ordinary resolution (resolution No. 7) to extend the Issue Mandate by an amount representing the aggregate nominal amount of Shares purchased by the Company under the Repurchase Mandate provided that such aggregated amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the AGM.

On the basis that no further Shares are issued or repurchased prior to the AGM, the Company would be allowed to allot and issue a maximum of 1,135,430,000 Shares under the Issue Mandate and to repurchase a maximum of 567,715,000 Shares under the Repurchase Mandate.

Shareholders are invited to refer to the notice of the AGM set out in this circular for details of the abovementioned ordinary resolutions. An explanatory statement, as required by the Listing Rules to be sent to the Shareholders in connection with the Repurchase Mandate, is also set out in Appendix II to this circular. Such Appendix contains all the information reasonably necessary to enable the Shareholders to make an informed decision on whether or not to vote for or against the ordinary resolution to grant the Repurchase Mandate at the AGM.

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## LETTER FROM THE CHAIRMAN

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### RIGHT TO DEMAND A POLL

In accordance with Article 66 of the Articles of Association, resolutions proposed at the AGM shall be put to the voting at the meeting on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by:

- (i) the chairman of the AGM; or
- (ii) at least three Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the AGM; or
- (iii) a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the AGM; or
- (iv) a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the AGM being shares on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

For the sake of good corporate governance, the Chairman intends to demand poll voting for all the resolutions set out in the notice of the AGM.

In accordance with the requirements of the Listing Rules, the results of the poll will be published by way of an announcement in local newspapers, on the websites of the Company [www.dxsport.com](http://www.dxsport.com) and the Hong Kong Stock Exchange on the business day following the date of the AGM.

### RECOMMENDATION

The Directors believe that the proposals mentioned above, including the proposals for the re-election of the retiring Directors, the grant of the general mandates to issue, allot and repurchase Shares and the extension of the Issue Mandate are in the interests of the Company and the Shareholders. The Directors recommend the Shareholders to vote in favour of all the relevant resolutions to be proposed at the AGM.

Yours faithfully,  
**Chen Yihong**  
*Chairman*

The following are the particulars of the Directors (as required by the Listing Rules) proposed to be re-elected at the AGM.

### EXECUTIVE DIRECTORS

Mr. Chen Yihong (陳義紅), aged 49, is the Group's founder, chairman and executive Director. Mr. Chen is primarily responsible for the Group's overall corporate strategies, planning and business development. Mr. Chen has extensive experience in the sporting goods industry in China. From 1991 to 2005, Mr. Chen was the vice-general manager, general manager and chief executive officer of Beijing Li Ning Sports Goods Co., Ltd. (北京李寧體育用品有限公司) and the executive director of Li Ning Company Limited, a company listed on the main board of the Hong Kong Stock Exchange. He was also appointed as the vice-chairman of the National Volleyball Association (中國排球協會) in 2002. Mr. Chen obtained an executive masters of business administration degree from Lincoln University in the United States in 2003.

Mr. Chen is also the director of Shanghai Leide Sporting Goods Co., Limited\* (上海雷德體育用品有限公司), Beijing Dongxiang Sports Development Co., Limited\* (北京動向體育發展有限公司), Shanghai Taitan Sporting Goods Co., Limited\* (上海泰坦體育用品有限公司), Hong Kong Dongxiang Sports Development Holdings Limited (香港動向體育發展有限公司), Gaea Sports Limited, Achilles Sports Pte. Ltd. and Shanghai Kappa Sporting Goods Co., Limited\* (上海卡帕體育用品有限公司), all of which are subsidiaries of the Company. Save as disclosed above, Mr. Chen does not hold any other positions in the Group as at the Latest Practicable Date and does not hold directorships in any other listed companies in the last three years preceding the Latest Practicable Date.

Mr. Chen has entered into a service agreement with the Company for an initial term of three years subject to the retirement by rotation and re-election at the annual general meeting of the Company. Mr. Chen is entitled to an annual remuneration of HK\$160,000 and is eligible for annual bonus and other allowances at the sole and absolute discretion of the Board and its remuneration committee.

There is no information which is discloseable nor is/was he involved in any matters required to be disclosed pursuant to any of the requirements of the provisions under the Rule 13.51 of the Listing Rules.

As at the Latest Practicable Date, Mr. Chen has interest, within the meaning of Part XV of the SFO, in 2,932,601,000 Shares, representing 51.66% of the issued Shares of the Company. Mr. Chen, who is entitled to control, directly or indirectly the exercise of more than 30% of the voting rights of the issued share capital of the Company is therefore a controlling shareholder (as defined in the Listing Rules) of the Company. Save as disclosed above, Mr. Chen has no other interests in the Shares, underlying Shares and debenture of the Company within the meaning of Part XV of the SFO as at the Latest Practicable Date.

There are no other matters concerning Mr. Chen that need to be brought to the attention of the Shareholders.

Mr. Qin Dazhong (秦大中), aged 39, is the Company's chief executive officer and executive Director. Mr. Qin is primarily responsible for the Company's overall strategic planning and the management of the Company's business. Mr. Qin joined Beijing Dongxiang Sports Development Co., Limited\* (北京動向體育發展有限公司) as its general manager since October 2002 and has over 10 years of experience in the operation of sportswear companies. From 1997 to 2002, he held various positions at Beijing Li Ning Sports Goods Co., Ltd. (北京李寧體育用品有限公司) where he was responsible for its corporate planning, international business and financial control. Prior to joining the sportswear industry, he worked for the National Audit Office of the PRC (中國國家審計署). He has a Bachelors degree in economics from Zhongshan University (中山大學) and an executive masters in business administration degree from Guanghua School of Management of Peking University (北京大學光華管理學院) in 2002.

Mr. Qin is also the director of Hong Kong Dongxiang Sports Development Holdings Limited (香港動向體育發展有限公司), Gaea Sports Limited, Achilles Sports Pte. Ltd. and Thea Sporting Goods Trading (Suzhou) Co., Limited\* (西亞體育用品商貿(蘇洲)有限公司) and director and general manager of Shanghai Leide Sporting Goods Co., Limited\* (上海雷德體育用品有限公司), Beijing Dongxiang Sports Development Co., Limited\* (北京動向體育發展有限公司), Shanghai Taitan Sporting Goods Co., Limited\* (上海泰坦體育用品有限公司) and Shanghai Kappa Sporting Goods Co., Limited\* (上海卡帕體育用品有限公司), all of which are subsidiaries of the Company. Save as disclosed above, Mr. Qin does not hold any other positions in the Group as at the Latest Practicable Date and does not hold directorships in any other listed companies in the last three years preceding the Latest Practicable Date.

Mr. Qin has entered into a service agreement with the Company for an initial term of three years subject to the retirement by rotation and re-election at the annual general meeting of the Company. Mr. Qin is entitled to an annual remuneration of HK\$160,000 and is eligible for annual bonus and other allowances at the sole and absolute discretion of the Board and its remuneration committee.

There is no information which is discloseable nor is/was he involved in any matters required to be disclosed pursuant to any of the requirements of the provisions under the Rule 13.51 of the Listing Rules.

As at the Latest Practicable Date, Mr. Qin has interest, within the meaning of Part XV of the SFO, in 241,864,000 Shares, representing 4.26% of the issued shares of the Company. Save as disclosed above, Mr. Qin has no other interests in the Shares, underlying Shares and debenture of the Company within the meaning of Part XV of the SFO as at the Latest Practicable Date.

There are no other matters concerning Mr. Qin that need to be brought to the attention of the Shareholders.

**NON-EXECUTIVE DIRECTOR**

Mr. Gao Yu (高煜), aged 34, is the Company's non-executive Director. Mr. Gao joined the Company in May 2006. He is currently the executive director of the Private Equity Division of Morgan Stanley Asia Limited, and he primarily focuses on private equity investment activities in China. He is also a non-executive director of Belle International Holdings Limited, a company listed on the main board of the Hong Kong Stock Exchange. Prior to joining Morgan Stanley Asia Limited, he worked in Citigroup's Investment Banking Division in Asia for about five years. Mr. Gao had also worked in Donaldson, Lufkin & Jenrette's Capital Markets Group in New York. Mr. Gao graduated from Stanford University with a Masters degree in engineering-economic systems and operations research as well as from Tsinghua University (清華大學) in Beijing with dual Bachelors degrees in engineering and economics.

Mr. Gao is also the director of Shanghai Leide Sporting Goods Co., Limited\* (上海雷德體育用品有限公司), Beijing Dongxiang Sports Development Co., Limited\* (北京動向體育發展有限公司), Shanghai Taitan Sporting Goods Co., Limited\* (上海泰坦體育用品有限公司), Hong Kong Dongxiang Sports Development Holdings Limited (香港動向體育發展有限公司), Gaea Sports Limited, Achilles Sports Pte. Ltd. and Shanghai Kappa Sporting Goods Co., Limited\* (上海卡帕體育用品有限公司), all of which are subsidiaries of the Company. Save as disclosed above, Mr. Gao does not hold any other positions in the Group as at the Latest Practicable Date and does not hold directorships in any other listed companies in the last three years preceding the Latest Practicable Date.

Mr. Gao has executed an appointment letter with the Company for an initial term of one year subject to the retirement by rotation and re-election at the annual general meeting of the Company. Mr. Gao is not entitled to any remuneration.

There is no information which is discloseable nor is/was he involved in any matters required to be disclosed pursuant to any of the requirements of the provisions under the Rule 13.51 of the Listing Rules.

As at the Latest Practicable Date, Mr. Gao has no interest, within the meaning of Part XV of the SFO, in the issued Shares of the Company.

There are no other matters concerning Mr. Gao that need to be brought to the attention of the Shareholders.

**INDEPENDENT NON-EXECUTIVE DIRECTOR**

Mr. Xu Yudi (徐玉棣), aged 56, is the Company's independent non-executive Director. Mr. Xu obtained qualifications as a certified public accountant and senior auditor in China. He is a committee member of the Chinese Institute of Certified Public Accountants. Mr. Xu is currently the chairman of Citic International Cooperation Co., Ltd. (中信國際合作公司), a director of Citic Group (中國中信集團公司) and the vice-chairman of Citic Constructions Co. Ltd. (中信建設有限責任公司). During 1995 to 2005, Mr. Xu was the general manager of Citic International Cooperation Co., Ltd. and for the period between 2002 and 2004, he was the vice general manager of Citic Constructions Co. Ltd. Prior to that, he was the vice

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**APPENDIX I            DETAILS OF DIRECTORS PROPOSED FOR RE-ELECTION**

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general manager and general accountant of China Leasing Company Limited (中國租賃公司) and he also worked for National Audit Office of the PRC (中國國家審計署). Mr. Xu graduated from the Tianjin Commercial School (天津財貿學校) and obtained his Master of Economics degree in accounting from the Institute for Fiscal Science Research under the State Ministry of Finance (財政部財政科學研究院). He was also an intern at the Office of the Auditor General of Canada.

Save as disclosed, Mr. Xu does not hold directorships in any other listed companies in the last three years preceding the Latest Practicable Date.

Mr. Xu has executed an appointment letter with the Company for an initial term of one year subject to the retirement by rotation and re-election at the annual general meeting of the Company. Mr. Xu is entitled to an annual remuneration of HK\$160,000.

There is no information which is discloseable nor is/was he involved in any matters required to be disclosed pursuant to any of the requirements of the provisions under the Rule 13.51 of the Listing Rules.

On 10 October 2007, Mr. Xu was granted a share option to subscribe for 200,000 Shares (which will be exercisable on 10 April 2008) at a subscription price of HK\$2.786 per Share. As at the Latest Practicable Date, Mr. Xu has not exercised the share option. Save as disclosed above, Mr. Xu has no other interests in the Shares, underlying Shares and debenture of the Company within the meaning of Part XV of the SFO as at the Latest Practicable Date.

There are no other matters concerning Mr. Xu that need to be brought to the attention of the Shareholders.

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide the requisite information to the Shareholders for their consideration of the proposed resolutions in relation to the Repurchase Mandate.

## **SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 5,677,150,000 Shares. Subject to the passing of resolution No. 6 approving the Repurchase Mandate as set out in the notice of the AGM appearing in this circular and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 567,715,000 Shares until (i) the conclusion of the next annual general meeting; or (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable law to be held; or (iii) the revocation by ordinary resolution of Shareholders in general meeting, whichever is the earliest.

## **REASON FOR REPURCHASES**

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole to have a general authority from the Shareholders to enable the Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an increase of the net asset value of the Company and/or its earnings per Share and will only be made as and when the Directors believe such repurchases will benefit the Company and the Shareholders as a whole.

## **FUNDING OF REPURCHASES**

In repurchasing the Shares, the Company may only apply funds legally available for such purpose in accordance with the Articles of Association, the Listing Rules and the applicable laws of Cayman Islands.

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with its financial position as disclosed in the 2007 Annual Report) in the event that the Repurchase Mandate is exercised in full at any time during the proposed repurchase period. The Directors, however, do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors may from time to time be appropriate for the Company.

## **TAKEOVERS CODE**

If as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning of the Takeovers Code), depending on the level of increase in the Shareholder's

interest, could obtain or consolidate control of the Company and may become obliged to make a mandatory offer in accordance with Rule 26 and Rule 32 of the Takeovers Code and the provision may apply as a result of any such increase.

As at the Latest Practicable Date, according to the register kept by the Company pursuant to Section 336 of the SFO, Mr. Chen Yihong, Chairman of the Company, (through Poseidon Sports Limited) was deemed to be interested in 2,932,601,000 Shares, representing 51.66% of the issued Shares of the Company. Mr. Chen Yihong's deemed interest in the Shares include the interest held by his spouse, Ms. Liu Peiying, through a controlled corporation. In the event that the Directors exercise in full the power to repurchase Shares pursuant to the Repurchase Mandate, then (assuming Mr. Chen Yihong's present shareholding remains the same) the interest held by Mr. Chen Yihong would be increased to approximately 57.40% of the issued share capital of the Company. The Directors are not aware of any consequence that would give rise to an obligation or the part of Mr. Chen Yihong to make a mandatory offer under Rule 26 of the Takeovers Code. However the public float requirement under Rule 8.08 of the Listing Rule may be breached.

## **GENERAL**

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective associates (as defined in the Listing Rules) has any present intention to sell any Shares to the Company or its subsidiaries if the Repurchase Mandate is exercised.

No connected person (as defined in the Listing Rules) has notified the Company that he/she has a present intention to sell any Share to the Company, or that he/she has undertaken not to do so in the event that the resolution in relation to the Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Hong Kong Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company under the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

## **SHARE REPURCHASE MADE BY THE COMPANY**

The Company has not purchased any Share (whether on the Hong Kong Stock Exchange or otherwise) during the 6 months prior to the Latest Practicable Date.

**SHARE PRICES**

The highest and lowest prices at which the Shares were traded on the Hong Kong Stock Exchange during each month prior to the Latest Practicable Date were as follows:

	<b>Per Share</b>	
	<b>Highest</b>	<b>Lowest</b>
	<i>HK\$</i>	<i>HK\$</i>
<b>2007</b>		
October	6.05	5.1
November	6.33	4.42
December	5.93	4.93
<b>2008</b>		
January	6.4	4.5
February	5.3	4.14
March	4.59	2.85
April	4.25	3.56

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NOTICE OF ANNUAL GENERAL MEETING

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DONGXIANG

**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)**

**NOTICE IS HEREBY GIVEN THAT** the annual general meeting of China Dongxiang (Group) Co., Ltd. (the “Company”) will be held at 4/F., Harbourview Ballroom III, Four Seasons Hotel Hong Kong, 8 Finance Street, Central, Hong Kong on Thursday, 15 May 2008 at 10:00 a.m. for the following purposes:

As ordinary business:

1. To receive and adopt the audited financial statements and the reports of the directors (“Directors”) and the auditors of the Company for the year ended 31 December 2007.
2. To declare a final dividend for the year ended 31 December 2007 to the shareholders of the Company.
3. (a) To re-elect the following retiring Directors of the Company:
  - (i) Mr. Chen Yihong;
  - (ii) Mr. Qin Dazhong;
  - (iii) Mr. Gao Yu; and
  - (iv) Mr. Xu Yudi
- (b) To authorise the board of Directors (“Board”) of the Company to fix the directors’ remuneration.
4. To re-appoint Messrs. PricewaterhouseCoopers, Certified Public Accountants, as the auditors of the Company until the conclusion of the next annual general meeting and authorise the Board to fix their remuneration.

As special business, to consider and, if thought fit, to pass with or without modification, the following resolutions as ordinary resolutions of the Company:

5. “**THAT:**
  - (a) subject to paragraph (c) below, a general mandate be and is hereby unconditionally granted to the Directors to exercise during the Relevant Period (as defined in paragraph (d) below) all the powers of the Company to

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## NOTICE OF ANNUAL GENERAL MEETING

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allot, issue and deal with additional shares of HK\$0.01 in the share capital of the Company (“Shares”) and to make or grant offers, agreements, options or warrants which would or might require the exercise of such powers;

- (b) the mandate in paragraph (a) shall authorise the Directors during the Relevant Period (as defined in paragraph (d) below) to make or grant offers, agreements and options which would or might require the exercise of such powers after the end of the Relevant Period (as defined in paragraph (d) below);
- (c) the aggregate nominal value of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the mandate in paragraph (a), otherwise than pursuant to (i) a Right Issue (as defined in paragraph (d) below); or (ii) any option scheme or similar arrangement for the time being adopted by the Company for the purpose of granting or issuing Shares or rights to acquire Shares of the Company to the directors, officers and/or employees of the Company and/or any of its subsidiaries; or (iii) any scrip dividend or similar arrangement pursuant to the articles of association of the Company from time to time, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of this Resolution and the said mandate shall be limited accordingly;
- (d) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company required by the Company’s articles of association or any applicable law to be held; or
- (iii) the date on which authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.

“Right Issue” means an offer of shares open for a period fixed by the Directors to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws, of or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong).”

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## NOTICE OF ANNUAL GENERAL MEETING

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6. **“THAT**

(a) a general mandate be and is hereby unconditionally given to the Directors to exercise during the Relevant Period (as defined in paragraph (b) below) all the powers of the Company to purchase or otherwise acquire Shares in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, provided that the aggregate nominal amount of Shares so purchased or otherwise acquired shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of this Resolution.

(b) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Company’s articles of association or any applicable law to be held; or
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.”

7. **“THAT**, conditional upon the passing of resolutions No. 5 and No. 6 above, the aggregate nominal amount of the Shares which are purchased or otherwise acquired by the Company pursuant to resolution No. 6 shall be added to the aggregate nominal amount of the Shares which may be issued pursuant to resolution No. 5.”

By order of the Board  
**Wong Chi Keung and Liang Hong**  
*Joint Company Secretaries*

Hong Kong, 16 April 2008

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## NOTICE OF ANNUAL GENERAL MEETING

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**Notes:**

- (1) A shareholder entitled to attend and vote at the above meeting may appoint one or more proxies to attend and vote instead of him. A proxy need not be a shareholder of the Company.
- (2) A form of proxy for use at the above meeting (or at any adjournment thereof) is enclosed. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority shall be deposited with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the above meeting or any adjournment thereof.
- (3) The register of members of the Company will be closed from Thursday, 8 May 2008, to Thursday, 15 May 2008, (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend and to attend the above meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 7 May 2008.
- (4) An explanatory statement containing further details in respect of resolution 6 is included in this circular.