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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)

**DELAY IN DESPATCH OF CIRCULAR REGARDING
A MAJOR TRANSACTION ACQUISITION**

The Company has applied to the Stock Exchange for an extension of time for despatch of the Circular to the Shareholders to a date on or before 30 June 2008.

Reference is made to the Company's announcement dated 25 April 2008 (the "Announcement") in relation to the acquisition of Phenix. Unless the context requires otherwise, terms used herein shall have the same meanings as those defined in the Announcement.

Pursuant to Rule 14.38 of the Listing Rules, the Company is required to despatch a circular (the "Circular") within 21 days after publication of the Announcement, which shall be on or before 16 May 2008. As additional time is required by the Company to prepare and finalise the Circular, including the financial information on Phenix under International Financial Reporting Standards and the unaudited pro forma financial information of the enlarged Group, the Company expects that the Circular will not be able to be despatched on or before 16 May 2008. The Company has applied to the Stock Exchange for a waiver from strict compliance with Rule 14.38 of the Listing Rules and an extension of the time for dispatch of the Circular from 16 May 2008 to a date on or before 30 June 2008.

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

Hong Kong, 14 May 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.