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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)

RE-DESIGNATION

AND

RESIGNATION OF DIRECTORS

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The board of directors (the “**Board**”) of China Dongxiang (Group) Co., Ltd. (the “**Company**”) is pleased to announce that with effect from 24 May 2013:

- (1) Mr. Gao Yu (“**Mr. Gao**”) has been re-designated from a non-executive director to an independent non-executive director of the Company and appointed as members of the audit committee and the nomination committee of the Company; and
- (2) Mr. Jin Zhi Guo (“**Mr. Jin**”) resigned as an independent non-executive director and members of the audit committee and the nomination committee of the Company.

MR. GAO’S RE-DESIGNATION

Mr. Gao has been re-designated from a non-executive director to an independent non-executive director of the Company and appointed as members of the audit committee and the nomination committee of the Company, all with effect from 24 May 2013. The Board believes that Mr. Gao is a suitable candidate for this position given his experience, past involvement in and contributions to the Group.

Mr. Gao, aged 39, has been a non-executive director of the Company since 12 September 2007. He is currently the managing director of the Private Equity Division of Morgan Stanley Asia Limited, and he primarily focuses on private equity investment activities in China. He is a non-executive director of both Belle International Holdings Limited (百麗國際控股有限公司) and Sparkle Roll Group Ltd (耀萊集團有限公司), both of which are listed on the main board of The Stock Exchange of Hong Kong Limited. Mr. Gao is also a director of Tongkun Group Co., Ltd (桐昆集團股份有限公司), a company listed on Shanghai 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 Inc’s Capital Markets Group in New York. Mr. Gao graduated from Stanford

University with a Master's 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.

Save as disclosed above, Mr. Gao has not held any directorships in any listed public companies in the three years prior to the date of this announcement. Save and except as holding the office as non-executive director of the Company immediately prior to the re-designation as independent non-executive director, Mr. Gao has not held any executive or management function or position in the Company or its subsidiaries since his designation as non-executive director as aforesaid. Save as disclosed above, Mr. Gao does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company. As at the date of this announcement, Mr. Gao does not have any interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. The Company is of the view that Mr. Gao meets the independence requirements of the Listing Rules.

Pursuant to the letter of appointment to be entered into between the Company and Mr. Gao, the appointment of Mr. Gao is for an initial term of one year commencing from 24 May 2013. The amount of director's fee of Mr. Gao is HK\$200,000 per annum. The letter of appointment is subject to the Articles of Association of the Company and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") which contains provisions for early retirement and retirement by rotation of directors. The emoluments of the independent non-executive directors of the Company are determined by reference to the remuneration benchmark in the industry and the prevailing market conditions.

Save as disclosed above, there is no other information in relation to Mr. Gao's re-designation which is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules, and there is no other matter that needs to be brought to the attention of the shareholders of the Company.

MR. JIN'S RESIGNATION

Mr. Jin resigned as an independent non-executive director and members of the audit committee and the nomination committee of the Company, all with effect from 24 May 2013, due to his intention to devote more time to his other personal commitment.

Mr. Jin has confirmed to the Board that he has no claim against the Company in respect of any fees or compensation for loss of office and he had no disagreement with the Board and that there is no matter in relation to his resignation that needs to be brought to the attention of the shareholders of the Company.

The Board would like to express its gratitude to Mr. Gao for his continuing directorship in the Company and to Mr. Jin for his invaluable contribution to the Company during his period of service.

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

Hong Kong, 24 May 2013

As at the date of this announcement, the executive directors of the Company are Mr. Chen Yihong and Mr. Qin Dazhong, and the independent non-executive directors of the Company are Mr. Gao Yu, Dr. Xiang Bing and Mr. Xu Yudi.