

Tung Kong  
Form 4  
May 24, 2011

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

OMB APPROVAL

OMB Number: 3235-0287  
Expires: January 31, 2005  
Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
Tung Kong

2. Issuer Name and Ticker or Trading Symbol  
China Direct Industries, Inc. [CDII]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)  
05/06/2011

Director  10% Owner  
 Officer (give title below)  Other (specify below)

C/O CHINA DIRECT INDUSTRIES, INC., 431 FAIRWAY DRIVE, STE 200

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

DEERFIELD BEACH, FL 33441

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)	
				Code	V	Amount	(A) or (D)	Price
Common Stock	05/06/2011		A		2,439,640	A	1.25	2,439,640 <sup>(1)</sup>
Common Stock	05/16/2011		G <sup>(2)</sup>	V	1,219,820	D	<u>2</u>	1,219,820 <sup>(1)</sup>

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

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**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Own Follo Rep Trans (Instr
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## Reporting Owners

**Reporting Owner Name / Address**

**Relationships**

Director    10% Owner    Officer    Other

Tung Kong  
C/O CHINA DIRECT INDUSTRIES, INC.  
431 FAIRWAY DRIVE, STE 200  
DEERFIELD BEACH, FL 33441

X

## Signatures

/s/ Lazarus Rothstein,  
Attorney-in-fact

05/24/2011

\_\_Signature of Reporting Person

Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Acquired as consideration for the sale of a 50% interest in Beauty East International Ltd. by the reporting person to CDI China, Inc., a wholly owned subsidiary of China Direct Industries, Inc. ("CDI") pursuant to a Stock Transfer Agreement dated May 6, 2011 (the "Agreement") for a price of RMB 19,829,700.25 (approximately \$3,049,553.50). 1,219,820 shares are issuable within 10 days of the execution of the Agreement and 1,219,820 shares within 10 days after the completion of the transfer of the 100% ownership interest in Beauty East (includes the 50% ownership held by another selling shareholder) to CDI China and completion of certain conditions set forth in Sections 4.2 and 4.3 of the Agreement which is filed as an Exhibit to the issuers Form 8-K filed with the SEC on May 12, 2011.

(2) Gift to a family member who does not share the reporting person's household. The reporting person disclaims beneficial ownership of the shares held by his family member, and this report should not be deemed an admission that the reporting person is the beneficial owner of his family member's shares for purposes of Section 16 or for any other purpose.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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