

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Changgang Dunxin Enterprise Company Limited
長港敦信實業有限公司

(Incorporated in the Cayman Islands with limited liability)

(the “Company”)

(Stock Code: 2229)

**(1) UNUSUAL PRICE AND TRADING VOLUME MOVEMENT;
(2) CHANGES IN SHAREHOLDINGS OF CONTROLLING SHAREHOLDER
OF THE COMPANY; AND (3) RESUMPTION OF TRADING**

Reference is made to the announcement relating to trading halt of the shares of the Company (“Shares”) dated 11 March 2015. This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”).

The board of directors of the Company (the “Board”) has noted the increase in the trading price and volume of Shares on 11 March 2015. Having made such enquiries with respect to the Company as is reasonable in the circumstances, the Board confirms save as disclosed herein, it is not aware of any reasons for these price and trading volume movements or of any information which must be announced to avoid a false market in the Company’s securities or of any information that needs to be disclosed under Part XIVA of the SFO.

The Company has been informed by Mr. Zheng Dunmu (“Mr. Zheng”), an executive director and the chairman and controlling shareholder of the Company, that there were changes in his shareholding in the Company during the period from 3 February 2015 to 27 February 2015 as detailed below.

BACKGROUND

Prior to the sequence of events mentioned below (“Events”), Mr. Zheng were interested in a total of 558,450,000 Shares or 56.25% interest in the issued share capital of the Company through controlled corporations, namely Pure Sheen Limited (“Pure Sheen”), Radiant Path Limited and Radiant Prestige Limited, all of which are incorporated in the British Virgin Islands and wholly-owned by him, holding 483,990,000 Shares, 37,230,000 Shares and 37,230,000 Shares respectively prior to the Events.

THE EVENTS

Pledge of Shares

On 3 February 2015, Pure Sheen entered into a Stock Secured Financing Agreement (“Financing Agreement”) with an independent lender (“Grantor”) to secure a loan in an amount up to US\$6,450,000. The terms of the Financing Agreement require Pure Sheen to pledge 100,000,000 Shares (representing approximately 10.07% of the total issued Shares) (“Pledged Securities”) to the Grantor.

Pursuant to the Financing Agreement, the Pledged Securities were required to be transferred to an account designated in the Financing Agreement for the Grantor to hold the Pledged Securities (the “Designated Account”) and the Grantor was restricted from short selling the Pledged Securities. Upon closing of the Financing Agreement, the Pledged Securities were transferred to the Designated Account according to its terms as collateral.

Mr. Zheng did not notify the Company in respect of the Financing Agreement due to an inadvertent oversight of his obligations not to deal in Shares during the blackout period for the annual results 2014 as required under the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) and his undertaking to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) under Rule 10.07 of the Listing Rules.

Unusual trading volume of Shares

On 23 and 24 February 2015, there were significant movements in trading volume in Shares. On about 26 February 2015, Mr. Zheng contacted the agent of the Grantor to enquire whether the Grantor had disposed of the Pledged Securities in the market. The agent of the Grantor denied the disposal of the Pledged Securities. Mr. Zheng, however, suspected that the Pledged Securities had been disposed of by the Grantor as he noted from the CCASS shareholding information record in HKExnews that the Pledged Securities had been fully transferred from the Designated Account to a third party account. If the Grantor had sold all the Pledged Securities, his shareholding in the Company would be reduced from approximately 56.25% to approximately 46.18%.

On 26 and 27 February 2015, believing that he had to safeguard his controlling status, Mr. Zheng made two purchases, namely: one for 10,000,000 Shares on the market at HK\$1.0 each and another for a total of 29,524,000 Shares off-market at HK\$1.0 each in his own name.

Following the purchases, Mr. Zheng’s interest in the Company would increase from approximately 46.18% to approximately 50.16% even if the Grantor would have sold all the Pledged Securities. The above changes in Mr. Zheng’s shareholding in the Company may trigger off general offer obligations under Rule 26.1 of the Code on Takeovers and Mergers (the “Takeovers Code”). Again he inadvertently forgot his obligations under the Model Code and the Takeovers Code as he did not seek professional advice thereon.

On 2 March 2015, Mr. Zheng notified the Company about the above pledge and his purchases of Shares. On 3 and 5 March 2015, the Stock Exchange and the Securities and Futures Commission (the “SFC”) were notified of the Events. The Company has been informed by Mr. Zheng that he intends to dispute, among other issues, the validity and/or enforceability of the Financing Agreement and is currently seeking legal advice on the actions to be taken against the Grantor.

The Company has been informed by Mr. Zheng that he was not aware that he might trigger off an obligation to make a general offer for Shares other than those already owned by him and parties acting in concert with him under the Takeovers Code (“Offer”) when he made the purchases of Shares abovementioned, and he cannot make the Offer as he does not have sufficient financial resources therefor. The SFC is currently considering appropriate action(s) to take which may include disciplinary action(s) in relation to this matter.

CONFIRMATION OF MR. ZHENG

Mr. Zheng has confirmed that he has not used any price sensitive information relating to the Company, including the annual results 2014 of the Company, for the pledge and purchases of Shares mentioned above.

EFFECT ON THE COMPANY

The Events are personal to Mr. Zheng and have no impact on any asset or the business operation of the Company and its subsidiaries.

The Company will make further announcement(s) in compliance with the Listing Rules on further developments of this matter as and when appropriate.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted from 2:53 p.m. on 11 March 2015 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 23 March 2015.

By Order of the Board
Lam Ho Keung
Company Secretary

Hong Kong, 20 March 2015

As at the date of this announcement, the executive directors of the Company are Mr. Zheng Dunmu, Mr. Zheng Dunqian and Mr. Chen Ruomao; and the independent non-executive directors are Mr. Kwong Kwan Tong, Mr. Ye Deshan and Mr. Hu Zhenghui.