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## **Changgang Dunxin Enterprise Company Limited**

**長港敦信實業有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2229)**

### **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

**Sole Placing Agent**



**Quam Securities Company Limited**

#### **THE PLACING**

On 17 November 2015 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent agrees, as placing agent of the Company, to procure on a best effort basis not less than six Placees, who will be Independent Third Parties, to subscribe for up to 198,560,000 Placing Shares at the Placing Price of HK\$0.55 per Placing Share.

The Company has 992,800,000 Shares in issue. Assuming that there will be no change in the number of issued Shares between the date of this announcement and the Completion, the 198,560,000 Placing Shares represent 20.00% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The Placing Price of HK\$0.55 represents:

- (i) a discount of approximately 12.70% to the closing price of HK\$0.63 per Share as quoted on the Stock Exchange on the Last Trading Day;

- (ii) a discount of approximately 16.67% to the average closing price per Share of approximately HK\$0.66 as quoted on the Stock Exchange for the last five consecutive trading days up to and including the date immediately preceding the Last Trading Day; and
- (iii) a discount of approximately 16.67% to the average closing price per Share of approximately HK\$0.66 as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the date immediately preceding the Last Trading Day.

The Placing Shares will be issued under the General Mandate and therefore the Placing is not subject to any Shareholders' approval. The Placing is conditional upon the Stock Exchange granting the Company the approval for the listing of, and the permission to deal in the Placing Shares.

Shareholders and potential investors of the Company shall be aware that Completion is subject to fulfilment of the condition set out in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

The gross proceeds from the Placing are HK\$109,208,000. The net proceeds from the Placing, after the deduction of the placing commission, are estimated to be HK\$108,388,940, representing a net issue price of approximately HK\$0.55 per Placing Share. It is currently intended that the net proceeds of the Placing will be used to enrich the operational requirements and/or for future investments of the Group.

## **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

### **The Placing Agreement**

#### ***Date***

17 November 2015 (after trading hours)

#### ***Issuer***

The Company

#### ***Placing Agent***

Quam Securities Company Limited, an Independent Third Party

Pursuant to the terms of the Placing Agreement, the Placing Agent will receive a placing commission of 0.75% of the amount which is equal to the Placing Price multiplied by the number of the Placing Shares actually placed by the Placing Agent. The placing commission is arrived at after arm's length negotiations between the Company and the Placing Agent.

## ***The Placing***

The Placing Agent has conditionally agreed with the Company to place the Placing Shares to not fewer than six Placees on a best effort basis. The Company will issue a further announcement upon completion of the Placing.

## ***Placees***

The Placing Shares will be placed to not less than six Placees (and their respective ultimate beneficial owners) who will be Independent Third Parties. It is expected that none of the Placees will become a substantial Shareholder immediately after the Completion. If any of the Placees will become a substantial Shareholder immediately after the Completion, further announcement will be made by the Company in compliance with the Listing Rules.

## ***Placing Shares***

As at the date of this announcement, the Company has 992,800,000 Shares in issue. Assuming that there will be no change in the number of issued Shares between the date of this announcement and the Completion, the 198,560,000 Placing Shares represent 20.00% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The Placing Shares will be issued under the General Mandate and therefore the Placing is not subject to any Shareholders' approval. As at the date of this announcement, none of the Shares has been issued under the General Mandate. The 198,560,000 Placing Shares to be allotted and issued will utilise 100.00% of the General Mandate.

The Placing Shares shall rank *pari passu* in all respects among themselves and with the existing Shares in issue on the date of allotment and issue of the Placing Shares.

The Company will apply to the Listing Committee of the Stock Exchange for the approval for the listing of, and permission to deal in, the Placing Shares.

## ***Placing Price***

The Placing Price of HK\$0.55 represents:

- (i) a discount of approximately 12.70% to the closing price of HK\$0.63 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 16.67% to the average closing price per Share of approximately HK\$0.66 as quoted on the Stock Exchange for the last five consecutive trading days up to and including the date immediately preceding the Last Trading Day; and

(iii) a discount of approximately 16.67% to the average closing price per Share of approximately HK\$0.66 as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the date immediately preceding the Last Trading Day.

The estimated expenses for the Placing are HK\$819,060, comprising placing commission. Assuming that all the Placing Shares could be successfully placed out, the net price to the Company of each Placing Share is approximately HK\$0.55 per Placing Share.

The aggregate nominal value of the 198,560,000 Placing Shares is HK\$1,985,600. Based on the Placing Price of HK\$0.55, the aggregate value of the 198,560,000 Placing Shares is HK\$109,208,000.

The Placing Price was determined with reference to the prevailing market prices of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the Placing Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

### **Condition Precedent of the Placing Agreement**

The Placing is conditional upon the Listing Committee of the Stock Exchange granting the Company the approval for the listing of, and permission to deal in, all of the Placing Shares. In the event the above condition is not fulfilled on or before 30 November 2015 (or such later date as may be agreed between the parties to the Placing Agreement in writing), all rights, obligations and liabilities of the parties to the Placing Agreement shall cease and terminate and neither of the parties thereto shall have any claim against the other save for any antecedent breach under the Placing Agreement prior to such termination.

### **Termination**

The Placing Agent shall be entitled by notice to the Company given at any time up to 8:00 a.m. on the Completion Date to forthwith terminate the Placing Agreement if any Specified Event comes to the attention of the Placing Agent.

The Company shall be entitled by notice to the Placing Agent given at any time up to 8:00 a.m. on the Completion Date to forthwith terminate the Placing Agreement if there is a breach of the Warranties given by the Placing Agent in this Agreement and such breach is considered by the Company on reasonable grounds to be material.

Upon termination of this Agreement, all liabilities of the parties thereto hereunder shall cease and determine and no party thereto shall have any claim against the other party in respect of any matter or thing arising out of or in connection with this Agreement save in respect of any antecedent breach of any obligation under this Agreement.

## **Completion of the Placing**

Completion of the Placing shall take place on the Completion Date.

## **Mandate to Issue the New Shares**

The Placing Shares will be issued pursuant to the General Mandate which was granted in the AGM and under which a maximum of 198,560,000 Shares may be issued. As at the date of this announcement, the Company has not issued any Shares pursuant to the General Mandate. Therefore, the Company is allowed to issue up to 198,560,000 Shares under the General Mandate.

## **Fund raising during the past twelve months**

During the past twelve months immediately preceding the date of this announcement, the Company has not conducted any equity fund raising activity.

## **Reasons for the Placing and use of proceeds**

The Group produces and sells a broad variety of upstream packaging paperboard products (including white top linerboard, kraftlinerboard and high performance corrugated medium), as well as downstream products comprise of corrugated medium boards and boxes and poker cards.

The gross proceeds from the Placing are HK\$109,208,000. The net proceeds from the Placing, after the deduction of the placing commission, are estimated to be HK\$108,388,940, representing a net issue price of approximately HK\$0.55 per Placing Share. It is currently intended that the net proceeds of the Placing will be used to enrich the operational requirements and/or for future investments of the Group.

The Directors have considered various fund raising methods and believe that under the prevailing market conditions, the Placing represents a good opportunity to raise additional funds as to enrich the operational requirements of the Group. In addition, the Placing will broaden the Company's capital base and shareholders base without any interest burden. Moreover, the net proceeds of the Placing will strengthen the Group's financial position for future development of the Group. Accordingly, the Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement are fair and reasonable based on the current market conditions and are on normal commercial terms and the Placing in the interest of the Company and the Shareholders as a whole.

## Effects on shareholding structure

The shareholding structures of the Company (i) as at the date of this announcement; and (ii) immediately after the Completion are as follows:

	As at the date of this announcement		Immediately after the Completion	
	No. of Shares	Approx. %	No. of Shares	Approx. %
Pure Sheen Limited ( <i>Note</i> )	383,990,000	38.68%	383,990,000	32.23%
Radiant Path Limited ( <i>Note</i> )	37,230,000	3.75%	37,230,000	3.13%
Radiant Prestige ( <i>Note</i> )	37,230,000	3.75%	37,230,000	3.13%
Zheng Dunmu (“Mr. Zheng”) ( <i>Note</i> )	39,524,000	3.98%	39,524,000	3.32%
Sky Joy Investment Limited	150,000,000	15.11%	150,000,000	12.59%
<b>Public Shareholders</b>				
Places	—	—	198,560,000	16.67%
Other public Shareholders	<u>344,826,000</u>	<u>34.73%</u>	<u>344,826,000</u>	<u>28.94%</u>
	<u>992,800,000</u>	<u>100.00%</u>	<u>1,191,360,000</u>	<u>100.00%</u>

*Note:* Mr. Zheng is an executive Director. Pure Sheen Limited, Radiant Path Limited and Radiant Prestige Limited, all of which are wholly-owned by Mr. Zheng. Accordingly, Mr. Zheng is deemed to be interested in the same number of Shares held by Pure Sheen Limited, Radiant Path Limited and Radiant Prestige Limited by virtue of part XV of the SFO.

**Shareholders and potential investors of the Company shall be aware that Completion is subject to fulfilment of the condition set out in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Admission”	the granting by the Listing Committee of the listing of, and permission to deal in, all of the Placing Shares (and “Admitted” shall be construed accordingly)
“AGM”	the annual general meeting of the Company held on 27 April 2015
“Board”	the board of Directors of the Company

“Business Day”	any day (not being a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Completion”	completion of the Placing
“Completion Date”	the date of Completion
“Director(s)”	the director(s) of the Company
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) who is/are independent of, and not connected with, the Company and its connected persons (as defined in the Listing Rules)
“Listing Committee”	the listing sub-committee appointed by the Stock Exchange for considering applications for the Admission
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any individuals, corporate, institutional investors or other investors procured by or on behalf of the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations hereunder
“Placing”	the offer by way of private placing of the Placing Shares by or on behalf of the Placing Agent to the Placee(s)
“Placing Agent”	Quam Securities Company Limited, a licensed corporation to carry on business in Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement dated 17 November 2015 entered into between the Company and the Placing Agent in respect of the Placing
“Placing Price”	the price of HK\$0.55 per Placing Share

“Placing Shares”	up to 198,560,000 new Shares to be allotted and issued which will rank <i>pari passu</i> in all respects with the Shares in issue as at the date of allotment of the Placing Shares
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary shares of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Warranties”	the representations, warranties and undertakings
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By order of the Board  
**Changgang Dunxin Enterprise Company Limited**  
**Zheng Dunmu**  
*Chairman*

Hong Kong, 17 November 2015

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