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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)

TERMINATION OF DISCLOSEABLE TRANSACTION

Reference is made to the announcement of Changgang Dunxin Enterprise Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 22 December 2014 on the Dunxin Paper as purchaser entering into the Asset Acquisition Agreement with Zhangzhou Zhenglin as vendor for acquiring the Production Facilities at a total cash consideration of RMB162 million and the announcement dated 16 February 2015 on postponement of the long stop date of the Asset Acquisition Agreement (collectively, the “**Announcements**”). Unless otherwise specified, the capitalised terms used herein shall have the same meanings as used in the Announcements.

Because Zhangzhou Zhenglin was unable to fulfil the conditions precedent in the Asset Acquisition Agreement by 31 March 2015 that (1) procedures for the release of all charges on the Pledged Assets were not completed; and (2) registration of change of ownership to the Production Facilities in the name of Dunxin Paper was not effected, completion was not taken place and the Asset Acquisition Agreement was terminated on 1 April 2015. Zhangzhou Zhenglin acknowledged that they were unable to fulfil the conditions precedent in the Asset Acquisition Agreement although there was no termination agreement between Dunxin Paper and Zhangzhou Zhenglin.

Pursuant to the Asset Acquisition Agreement, Zhangzhou Zhenglin should return the earnest money of RMB5 million paid for the Acquisition together with interests accrued thereon (the “**Earnest Money**”) within 7 business days from the date of termination of the Agreement, namely 13 April 2015. But as at the date hereof, Zhangzhou Zhenglin failed to return the Earnest Money. The Company is considering all necessary means to recover the Earnest Money including the initiating proceedings against Zhangzhou Zhenglin.

The Company considers that the termination of the Asset Acquisition Agreement will not have any material adverse impact on the financial position, business and operation of the Group.

By Order of the Board
Changgang Dunxin Enterprise Company Limited
Zheng Dunqian
Executive Director

Hong Kong, 29 April 2016

As at the date of this announcement, the executive directors of the Company are Mr. Zheng Dunqian, Mr. Chen Ruomao, Mr. Yuan Chao and Mr. Tang Yau Sing; and the independent non-executive directors are Mr. Ye Deshan, Mr. Hu Zhenghui and Mr. Lo Pak Ho.