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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)

INSIDE INFORMATION LEGAL PROCEEDINGS

The announcement is made by the board of directors (the “**Board**”) of Changgang Dunxin Enterprise Company Limited (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.

Reference is made to the Company’s announcement dated 12 October 2015 in relation to the issuance of corporate bonds by the Company through PC Securities Limited (“**PC Securities**”) as the placing agent in the aggregate principal amount of up to HK\$200,000,000 bearing an interest rate of 7% per annum.

The Company announces that it has on 22 June 2016 received a writ of summons (the “**Writ**”) filed by PC Securities, as the plaintiff, against the Company in the Court of First Instance of the High Court of Hong Kong under action number HCA 1654/2016 on 22 June 2016.

Based on the Writ, PC Securities claims, amongst other things, (i) the sum of HK\$104,000,000, being the principal amount (the “**Principal Amount**”) due and owing by the Company under its bonds (the “**Bonds**”) issued on 6 November 2015 (“**Issue date**”); (ii) interest on the Principal Amount, calculated at the rate of 7% per annum from the Issue Date to 15 June 2016, pursuant to the terms and conditions of the Bonds; and (iii) default interest on the Principal Amount, calculated at the rate of 2% per month from 16 June 2016 to the date of full payment, pursuant to the terms and conditions of the Bonds.

Given that the legal proceedings is at an early stage, the Board considers that it is not practical to assess its potential impact on the Company at the moment. In any event, the Board is negotiating with PC Securities for a mutually acceptable and amicable settlement.

The Company will keep the shareholders of the Company and potential investors informed of any further material developments in connection with the above action of the PC Securities by way of further announcement(s) as and when appropriate.

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

Hong Kong, 27 June 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 the independent non-executive directors are Mr. Lo Pak Ho, Mr. Ye Deshan and Mr. Hu Zhenghui.