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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 2 October 2015 (the “**Announcement**”) 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 US\$10,000,000 bearing an interest rate of 8.5% per annum.

The Company announces that it has on 28 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 1692/2016 on 28 June 2016.

Based on the Writ, PC Securities claims, amongst other things, (i) the sum of US\$2,100,000 (or the Hong Kong Dollars equivalent at the time of payment), being the principal amount (the “**Principal Amount**”) due and owing by the Company under its bonds (the “**Bonds**”) issued on 23 October 2015 (the “**Issue date**”); (ii) the sum of US\$44,129.17 (or the Hong Kong Dollars equivalent at the time of payment), being interest (the “**Interest**”) on the Principal Amount, calculated at the rate of 8.5% per annum from the Issue Date to 29 March 2016, pursuant to the terms and conditions of the Bonds; and (iii) default interest on the aggregate sum of the Principal Amount and the Interest, calculated at the rate of 2% per month from 30 March 2016 to the date of full payment, pursuant to the terms and conditions of the Bonds.

The legal proceedings is at an early stage and the Board is negotiating with PC Securities for a mutually acceptable and amicable arrangement.

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 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, 11 July 2016

As at the date of this announcement, the executive directors of the Company are Mr. Zheng Dunqian, Mr. Chen Ruomao, Mr. Yuan Chao, Mr. Yeung Wing Nam, Mr. Wong Sing Chui and Ms. Huang Xiao Wen; and the independent non-executive directors are Mr. Ye Deshan, Mr. Hu Zhenghui and Mr. Lo Pak Ho.