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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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO
(1) THE PLACING COMPLETED ON 3 DECEMBER 2015 AND
(2) PERFORMANCE OF DEED OF NON-COMPETITION

References are made to the prospectus (the “**Prospectus**”) of Changgang Dunxin Enterprise Company Limited (the “**Company**”) dated 16 June 2014, the announcements of the Company dated 17 November 2015 and 3 December 2015 in relation to the placing of new shares (the “**Placing**”) under general mandate (the “**Placing Announcements**”), the announcement of the Company dated 19 August 2015 in relation to the performance of the Deed of Non-Competition (the “**DNC Announcement**”) and the annual report of the Company for the year ended 31 December 2015 published on 7 June 2016 (the “**Annual Report**”). Unless otherwise stated herein, capitalized terms used in this announcement shall have the meanings as those defined in the Prospectus, the Placing Announcements and the DNC Announcement.

THE PLACING

The completion of the Placing took place on 3 December 2015. The Placing Agent has successfully placed an aggregate of 198,560,000 Placing Shares to not less than six Placees at the Placing Price of HK\$0.55 per Placing Share pursuant to the terms and conditions of the Placing Agreement. The Placing Price of HK\$0.55 per Placing Share represents a discount of approximately 12.70% to the closing price of HK\$0.63 per Share as quote on the Stock Exchange on 17 November 2015, the date which the terms of the Placing were fixed and the Placing Agreement signed.

To the best of the knowledge of the Directors, having made all reasonable enquiries and based on publicly available information, the Placees and their ultimate beneficial owners are Independent Third Parties.

The net proceeds from the Placing, after the deduction of the placing commission and other related expenses, were approximately HK\$108.4 million, representing a net issue price of approximately HK\$0.55 per Placing Share.

As disclosed in the Placing Announcement, such net proceeds were intended to be used for enriching the operational requirements and/or investments of the Group. As of the date of the Annual Report, all of the net proceeds had been used as partial payment of contract sums for the expansion of production facilities. Approximately HK\$65.16 million (representing approximately 60.1% of the net proceeds) was applied for partial payment for acquisition of machineries to expand production capacity of poker card products, approximately HK\$30.49 million (representing approximately 28.1% of the net proceeds) was applied for partial payment for construction of production workshop, and approximately HK\$12.75 million (representing approximately 11.8% of the net proceeds) was applied for partial payment for design and installation of paperboard machineries. The Board is of the view that such use of proceeds is consistent with the intended use of proceeds as disclosed in the Placing Announcements.

PERFORMANCE OF DEED OF NON-COMPETITION

As disclosed in the Prospectus and the DNC Announcement, the then Controlling Shareholders, namely Mr. Zheng Dunmu, Pure Sheen, Radiant Prestige and Radiant Path, had entered into the Deed of Non-Competition in favour of the Group on 11 June 2014, pursuant to which the then Controlling Shareholders jointly and severally undertaken to the Group that, amongst others, during the period that the Deed of Non-Competition remains effective, each of them shall not and shall procure their respective associates not to carry on or be engaged, concerned, interested directly or indirectly whether as a shareholder (other than as a shareholder of the Company), partner, principal, agent or otherwise in, or in any other business that is similar or is in competition or may compete, directly or indirectly, with any business carried on from time to time and/or any business as described in the Prospectus to be carried on by any member of the Group in Hong Kong or any other territory in which any member of the Group from time to time operates.

Details of the Deed of Non-Competition are set out in the section headed “Substantial and Controlling Shareholders — Non-Competition Undertakings” of the Prospectus.

In order to ensure the then Controlling Shareholders have complied with the Deed of Non-Competition, each of the then Controlling Shareholders have provided to the Company a written confirmation that during the period from the date of listing (i.e. 26 June 2014) to the date when the then Controlling Shareholders ceased to be the controlling shareholders (as defined under the Listing Rules) of the Company (i.e. 30 December 2015) (the “**Effective Period**”), he/it had complied with the Deed of Non-Competition.

The independent non-executive directors of the Company have also reviewed the status of compliance by each of the then Controlling Shareholders with the undertakings in the Deed of Non-Competition and have confirmed that, as far as they can ascertain, there was no breach by any of the then Controlling Shareholders of the undertakings in the Deed of Non-Competition given by them during the Effective Period.

As of the date of this announcement, the Company is not aware of any other matters regarding the compliance with the undertakings in the Deed of Non-Competition and there have not been any changes in terms of the Deed of Non-Competition during the Effective Period.

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

Hong Kong, 26 August 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.