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 — MEMORANDUM OF UNDERSTANDING IN RELATION TO THE POSSIBLE ACQUISITION

This announcement is made by Changgang Dunxin Enterprise Company Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

MOU IN RESPECT OF THE POSSIBLE ACQUISITION

The board of directors of the Company (the "**Board**") wishes to announce that, after trading hours on 21 September 2016, the Company entered into a memorandum of understanding (the "**MOU**") in respect of a possible acquisition (the "**Possible Acquisition**") by its wholly-owned subsidiary of 51% of shareholding of the Cayman Company (as defined below). The MOU sets forth the understanding between the parties thereto and certain preliminary terms in relation to the Possible Acquisition.

To the best of the knowledge, information and belief of the directors of the Company, having made all reasonable enquiries, each of the Vendors (as defined below) is a third party independent of the Company and its connected persons (as defined under the Listing Rules).

PRINCIPAL TERMS OF THE MOU

Below is a summary of the principal terms of the MOU:

Potential purchaser	:	A wholly-owned subsidiary of the Company (the "**Purchaser**")
Potential vendor	:	The potential vendor of the Possible Acquisition is the Vendor Company (as defined below) held by two Hong Kong residents (the "**Vendors**") who are the legal and beneficial owners of an aggregate of 100% shareholding of a Hong Kong incorporated company (the "**HK Operating Company**") which in turn wholly-owns a PRC established company (the "**PRC Company**", together with the HK Operating Company, the "**Target Companies**"). Both of the HK Operating Company and the PRC Company are principally engaged in printing and paper box manufacturing.
Parties to the MOU	:	i. the Company; ii. the Vendors; iii. the HK Operating Company; and iv. the PRC Company; (collectively, the "**Parties**")
Reorganisation to be completed before the Possible Acquisition	:	The following companies will be incorporated: i. a limited company in Cayman Islands which will be wholly-owned by the Vendors (the "**Vendor Company**"); ii. a limited company in Cayman Islands which will be wholly-owned by the Vendor Company (the "**Cayman Company**"); iii. a limited company in British Virgin Islands ("**BVI**") which will be wholly-owned by the Cayman Company (the "**BVI Company I**"); iv. a limited company in BVI which will be wholly-owned by the BVI Company I (the "**BVI Company II**"); and v. a limited company in Hong Kong which will be wholly-owned by the BVI Company II (the "**HK Holding Company**").

After the incorporation of the abovementioned companies, the Vendors will transfer the entire interest in the HK Operating Company to the HK Holding Company, as a result of which the HK Operating Company and the PRC Company will be indirectly wholly-owned by the Cayman Company.

Interest to be acquired by the Company	:	Under the MOU, it is proposed that the Purchaser will acquire 51% of the issued share capital of the Cayman Company from the Vendor Company (the "**Interest**").
Formal agreement	:	The Parties agree to use their reasonable endeavours to procure the Purchaser and the Vendor Company to enter into a legally-binding sale and purchase agreement relating to the Possible Acquisition (the "**Formal Agreement**") on or before 24 October 2016.
Exclusivity	:	Without the prior written consent of the Purchaser, the Vendors and the Target Companies shall not, during the period from the date of the MOU up to the later of (i) the date falling 30 days from the date of the MOU; or (ii) such later date as the Parties may otherwise agree in writing (the "**Exclusivity Period**"), and shall ensure their subsidiaries (as defined under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)), each of their respective directors, management, representatives and/or consultant not have any contacts, discussions or negotiation with any third party(ies) and/or enter into any agreement, arrangement and/or understanding, aiming at or may result in a transaction which may contradict with the nature of the Possible Acquisition under the MOU.
Termination	:	The MOU will terminate upon the earlier of any of the followings:

i. the execution of the Formal Agreement;

ii. the expiry of the Exclusivity Period; or

iii. any other dates as agreed by the Parties in writing.

REASONS FOR AND THE BENEFITS OF THE POSSIBLE ACQUISITION

The Group is principally engaged in the production and sale of a broad variety of upstream paperboard products (including white top linerboard, kraftlinerboard and high performance corrugated medium), as well as downstream products comprising medium boards and boxes and poker cards.

The Board proactively assesses potential opportunities to enhance the production capacity of the Group and broaden and strengthen its earning capability. The Board considers the Possible Acquisition is in line with the Group's long term development strategy. As the Target Companies are equipped with advanced production technology, the Possible Acquisition will enable the Group to tap into new groups of potential customers with demands for high quality printing and paper box products.

In light of the above, the Board considers that the Possible Acquisition can enhance the value of the shareholders of the Company (the "**Shareholders**") and the terms of the Possible Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GENERAL

The Board wishes to remind the Shareholders that there is no assurance that the Formal Agreement will be signed among the parties concerned. The Possible Acquisition may constitute a discloseable transaction for the Company under the Listing Rules and further announcement(s) in relation to the Possible Acquisition will be made by the Company as and when appropriate in compliance with the Listing Rules.

The Board wishes to emphasise that all terms and conditions of the Formal Agreement relating to the Possible Acquisition are still under negotiations between the parties thereto and the transactions under the MOU may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

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

Hong Kong, 21 September 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.