

**CHANGGANG DUNXIN ENTERPRISE COMPANY LTD:  
IS THE SEASON OF MADNESS UPON US ?**

It appears, very obviously, that the season of madness is upon us.

In the past 85 days or so, Changgang Dunxin Enterprise Company Ltd () (Code: 2229, Main Board, The Stock Exchange of Hongkong Ltd) has been very prominent in the news with regard to companies, listed on the premier equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) as the lawsuits keep coming and, now, they are piling up, on a weekly basis.

It was only last Thursday, just prior to the one-day holiday in the HKSAR, being July 1, the public holiday that commemorates the Anniversary of the Formal Establishment of the Hongkong Special Administrative Region, or, to put it another way, the handover of the 416 square-mile territory from the United Kingdom to the PRC in 1997, **TARGET** () published a report, headlined:

**‘CHANGGANG DUNXIN ENTERPRISE COMPANY LTD:  
SECURITIES COMPANY SUED FOR \$HK104 MILLION-PLUS’**

No sooner had **TARGET** gone to Press than another lawsuit was filed in the High Court of the HKSAR – by the same plaintiff as was mentioned in the this medium's report of last Thursday, to wit, PC Securities Ltd ().

On June 28, 2016, PC Securities Ltd sued Changgang Dunxin for about \$US2,144,129.17 (about \$HK16.62 million) plus interest and costs.

The Endorsement of Claim, attached to Writ of Summons, Number 1692 of 2016, reads as follows:

*‘The Plaintiff's claims against the Defendant are for: -*

- ‘(1) the sum of US\$2,100,000 (or the Hong Kong Dollars equivalent at the time of payment), being the principal amount due and owing by the Defendant under the 8.5% per annum coupon aggregate principal amount of US\$2,100,000 2 year Bonds (“the Bonds”), as constituted by a Deed Poll dated 23<sup>rd</sup> October 2015 executed by the Defendant (“the Instrument”), and represented by Certificates Nos. 001 to 021 issued by the Defendant all dated 23<sup>rd</sup> October 2015 (“the Bond Certificates”);*
- ‘(2) the sum of US\$44,129.17 (or the Hong Kong Dollars equivalent at the time of payment), being interest on the said sum of US\$2,100,000, calculated at the rate of 8.5% per annum from 23<sup>rd</sup> October 2015 (i.e. the date of issue of the Bonds) to 29<sup>th</sup> March 2016, pursuant to Condition 4(A) of the Terms and Conditions set out in the Instrument and attached to the Bond Certificates (“the Conditions”);*
- ‘(3) default interest on the aggregate sum of US\$2,144,129.17, calculated at the rate of 2% per month from 30<sup>th</sup> March 2016 to the date of full payment, pursuant to Condition 4(D) of the Conditions;*
- ‘(4) further or alternative to (2) and (3) above, interest on such sum(s) as may be found by this Honourable Court to be due from the Defendant to the Plaintiff, at such rate(s) and*

*for such period(s) as this Honourable Court deems fit, pursuant to Sections 48 and 49 of the High Court Ordinance (Cap. 4, Laws of Hong Kong);*

*‘(5) further and/or other reliefs; and*

*‘(6) costs of this action.’*

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