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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)**

*Directors:*

Zheng Dunmu  
Zheng Dunqian  
Chen Ruomao  
Kwong Kwan Tong\*  
Ye Deshan\*  
Hu Zhenghui\*

*Principal Office:*

Office No. 3, 13th Floor  
Boss Commercial Centre  
No. 28 Ferry Street  
Kowloon  
Hong Kong

\* *Independent non-executive directors*

24 March 2015

*To the shareholders*

Dear Sir or Madam,

**PROPOSALS RELATING TO  
GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES  
NOTICE OF ANNUAL GENERAL MEETING  
AND  
RE-ELECTION OF DIRECTORS**

**INTRODUCTION**

At the annual general meeting of Changgang Dunxin Enterprise Company Limited (the “Company”) for the year ended 31 December 2014, resolutions will be proposed to grant to the directors of the Company general mandates to issue and repurchase shares of the Company.

The purpose of this circular is to give you further details of the abovementioned proposals and notice of the annual general meeting of the Company for the year ended 31 December 2014 (the “AGM”). In compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), this circular also contains the explanatory statement and gives all the information reasonably necessary to enable shareholders to make an informed decision on whether to vote for or against the resolution to approve the purchase by the Company of its own shares, together with particulars of the directors proposed to be re-elected at the AGM.

### **GENERAL MANDATE TO ISSUE SHARES**

At the AGM an ordinary resolution will be proposed to grant a general mandate to the directors of the Company to allot, issue and dispose of shares of the Company not exceeding 20 per cent. of the share capital of the Company in issue to provide flexibility to the Company to raise fund by issue of shares efficiently. On 16 March 2015 (the “Latest Practicable Date”), being the latest practicable date prior to printing of this circular, there were in issue an aggregate of 992,800,000 shares of HK\$0.01 each of the Company (“Shares”). On the assumption that no Share will be issued or repurchased prior to the AGM, exercise in full of the mandate could result in up to 198,560,000 Shares being issued by the Company.

### **GENERAL MANDATE TO REPURCHASE SHARES**

At the AGM, an ordinary resolution will also be proposed that the directors be given a general mandate to exercise all powers of the Company to repurchase issued and fully paid shares of the Company. Under such mandate, the number of shares that the Company may repurchase shall not exceed 10 per cent. of the share capital of the Company in issue on the date of the resolution. The Company’s authority is restricted to purchases made on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) in accordance with the Listing Rules. Based on 992,800,000 Shares in issue as at the Latest Practicable Date and on the assumption that no Share will be issued or repurchased prior to the AGM, exercise in full of the mandate could result in up to 99,280,000 Shares being repurchased by the Company. The mandate allows the Company to make or agree to make purchases only during the period ending on the earliest of the date of the next annual general meeting, the date by which the next annual general meeting of the Company is required to be held by law or the date upon which such authority is revoked or varied by an ordinary resolution of the shareholders in a general meeting of the Company.

The directors have no present intention to repurchase any Shares but consider that the mandate will provide the Company the flexibility to make such repurchase when appropriate and beneficial to the Company. Such repurchases may enhance the net value of the Company and/or earnings per Share. As compared with the financial position of the Company as at 31 December 2014 (being the date of its latest audited accounts), the directors consider that there would be a material adverse impact on the working capital and on the gearing position of the Company in the event that the proposed purchases were to be carried out in full during the proposed purchase period. No purchase would be made in circumstances that would have a material adverse impact on the working capital or gearing ratio of the Company.

The Company is empowered by its Memorandum and Articles of Association to purchase its shares. The Cayman Islands law provides that the amount of capital repaid in connection with a share repurchase may only be paid out of profits of the Company or out of a fresh issue of shares made for the purpose of the repurchase or, subject to the Company remaining solvent in compliance with the Companies Law of the Cayman Islands, out of capital and, in the case of any premium payable on the repurchase, out of the profits of the Company or from sums standing the credit of the share premium account of the Company or, subject to the Company remaining solvent in compliance with the Companies Law of the Cayman Islands, out of capital. Under the Cayman Islands law, the repurchased shares will be cancelled but remain part of the authorised but unissued share capital of the Company.

The directors intend to apply the capital paid up on the relevant Shares or the profit that would otherwise be available for distribution by way of dividend for any purchase of its shares.

### **Directors, their close associates and core connected persons**

None of the directors nor, to the best of the knowledge and belief of the directors having made all reasonable enquiries, any of the close associates of any of the directors has any present intention, in the event that the proposal is approved by shareholders, to sell Shares to the Company.

No core connected person of the Company (as defined in the Listing Rules) has notified the Company that he/she has a present intention to sell Shares to the Company nor has he/she undertaken not to sell any of the Shares held by him/her to the Company in the event that the Company is authorised to make purchases of Shares.

### **Undertaking of the directors**

The directors have undertaken to the Stock Exchange to exercise the power of the Company to make purchases pursuant to the proposed resolution in accordance with the Listing Rules and all applicable laws of the Cayman Islands, and in accordance with the regulations set out in the Memorandum and Articles of Association of the Company.

### **Effect of Takeovers Code**

A repurchase of Shares by the Company may result in an increase in the proportionate interest of a substantial shareholder of the Company in the voting rights of the Company, which could give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Hong Kong Code on Takeovers and Mergers (the “Code”).

As at the Latest Practicable Date, to the best of the knowledge and belief of the Company, Mr. Zheng Dunmu (“Mr. DM Zheng”), who and through his corporate interests held 50.16 per cent. of the issued share capital of the Company, was the only substantial shareholder holding more than 10 per cent. of the issued share capital of the Company. In the event that the directors should exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the resolution, the shareholding of such shareholder in the Company would be increased to 55.73 per cent. of the issued share capital of the Company and such increase would not give rise to an obligation on it to make a mandatory offer under Rule 26 of the Code.

## Stock Exchange Rules for repurchases of shares

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their shares on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(a) Shareholders' approval

The Listing Rules provide that all shares repurchases on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, which may be by way of general mandate, or by special resolution in relation to specific transactions.

(b) Source of funds

Repurchases must be funded out of funds legally available for the purpose.

### General

During each of the six months preceding the date of this circular, no Share had been repurchased by the Company.

During each of the previous months since 26 June 2014 (the date of commencement of dealings in Shares on the Main Board of the Stock Exchange), the highest and lowest traded prices for Shares on the Stock Exchange were as follows:

Month	Per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
<b>2014</b>		
June (from 26 June 2014)	1.30	1.01
July	1.34	1.09
August	1.19	1.06
September	1.31	1.06
October	1.24	1.10
November	1.18	1.10
December	1.14	1.03
<b>2015</b>		
January	1.09	0.96
February	1.22	0.88
March (up to the Latest Practicable Date)	1.24	0.91

### ANNUAL GENERAL MEETING

You will find on pages 7 to 9 of this circular a notice of the AGM to be held at 3:00 p.m. on 27 April 2015 at Admiralty Conference Centre, 1804A, 18th Floor, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong. Voting at the AGM will be taken by poll.

Resolution no. 4A will be proposed as an ordinary resolution to give a general mandate to the directors to allot, issue and deal with shares of the Company not exceeding 20 per cent. of the share capital of the Company in issue as at the date of the resolution.

Resolution no. 4B will be proposed as an ordinary resolution to give a general mandate to the directors to make on-market purchases of shares of the Company not exceeding 10 per cent. of the share capital of the Company in issue as at the date of the resolution.

Resolution no. 4C will be proposed as an ordinary resolution to extend resolution no. 4A to include the aggregate number of shares in the capital of the Company which are repurchased by the Company under the authority granted to the directors pursuant to resolution no. 4B.

There is enclosed a form of proxy for use at the AGM. You are requested to complete the form of proxy and return it to the principal office of the Company in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the meeting, whether or not you intend to be present at the meeting. The completion and return of the form of proxy will not prevent you from attending and voting in person should you so wish.

## **RE-ELECTION OF DIRECTORS**

Resolutions will be proposed at the AGM for re-election of Messrs. Zheng Dunqian (“Mr. DQ Zheng”) and Chen Ruomao (“Mr. Chen”) as directors according to the Company’s Articles of Association. Their particulars are as follows:

Mr. Zheng Dunqian, aged 43, is an executive director and the chief executive officer of the Company responsible for overseeing the operation of the corrugated medium board and box and poker card business of the Company and its subsidiaries (the “Group”). He has over 19 years of experience in the papermaking and packaging materials business. He assisted Mr. DM Zheng (an executive director of the Company) to establish the Group in 2000 and served as the sales and production manager of Dunxin Paper Co., Ltd. until 2007 and joined the Group again in 2012. He completed an EMBA at Central University of Finance and Economics, the PRC in June 2004. He is a brother of Mr. DM Zheng and the brother-in-law of Mr. Chen.

Mr. Chen Ruomao, aged 42, is an executive director and the chief financial officer of the Company responsible for overseeing the finance and operation matters of the Group as well as formulating internal accounting and reporting policy. He co-founded the Group with Mr. DM Zheng in 2000. Prior to that, he worked in Changtai Branch of China Construction Bank as an accountant. He completed an Executive Training Program of Business Administration and Management in the Graduate School of Xiamen University, the PRC in July 2007. He has over 17 years of experience in banking, finance and accounting through his previous employment with China Construction Bank and his time with the Group. Mr. Chen is the brother-in-law of Mr. DQ Zheng.

As at the Latest Practicable Date, both Mr. DQ Zheng and Mr. Chen:

- (a) had not hold any other directorship in listed public companies in the last three years; and
- (b) had no interest in Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Each of Mr. DQ Zheng and Mr. Chen has entered into a service agreement with the Company for an initial term of two and a half years commencing from 26 June 2014, and will continue thereafter until the agreement is terminated by either party giving to the other party not less than six calendar months' notice in writing. Each is entitled to a fix salary of HK\$1,200,000 per annum, subject to review by the board of directors of the Company (the "Board") at the end of each financial year provided that in respect of each of the three financial years ending 31 December 2016 any increment shall not exceed 10 per cent. of his salary at the time of the relevant review. They may also receive discretionary bonus in respect of every financial year of the Company calculated as a percentage of the audited consolidated or combined net profit of the Group attributable to shareholders of the Company (after tax and minority interests but before extraordinary and exceptional items and such bonus) as determined by the Board, provided the aggregate amount payable each financial year to all executive directors of the Company shall not exceed 5 per cent. of such profit.

Save as disclosed above, there is no information required to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules.

## **RECOMMENDATION**

The directors consider that the proposed granting of the mandates to issue and repurchase shares of the Company are in the interest of the Company and so recommend you to vote in favour of the relevant resolutions at the AGM. The directors will vote all their shareholdings in favour of such resolutions.

Yours faithfully,  
By order of the Board  
**Zheng Dunmu**  
*Chairman*

## NOTICE OF ANNUAL GENERAL MEETING



### 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)

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the annual general meeting of the abovenamed company (the “Company”) will be held at 3:00 p.m. on 27 April 2015 at Admiralty Conference Centre, 1804A, 18th Floor, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and independent auditor for the year ended 31 December 2014.
2. To elect directors and to authorise the board of directors to fix their remuneration.
3. To appoint auditor and to authorise the board of directors to fix its remuneration.
4. As special business, to consider and, if thought fit, pass the following resolutions as ordinary resolutions:

### ORDINARY RESOLUTIONS

A. “**THAT:**

- (a) subject to paragraph (c), the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;

## NOTICE OF ANNUAL GENERAL MEETING

- (c) the aggregate number of shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a), otherwise than pursuant to a Rights Issue or scrip dividend scheme or similar arrangement of the Company or the exercise of the subscription rights under the share option scheme of the Company shall not exceed 20 per cent. of the share capital of the Company in issue as at the date of this resolution and the said approval shall be limited accordingly; and
- (d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable law to be held; and
- (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to holders of shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

## NOTICE OF ANNUAL GENERAL MEETING

**B. “THAT:**

- (a) the exercise by the directors of the Company during the Relevant Period of all powers of the Company to purchase its own shares, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
- (b) the aggregate number of shares of the Company purchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10 per cent. of the share capital of the Company in issue as at the date of this resolution and the said approval be limited accordingly; and
- (c) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable law to be held; and
- (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

## NOTICE OF ANNUAL GENERAL MEETING

- C. “**THAT** conditional upon resolution no. 4B above being passed, the aggregate number of shares in the capital of the Company which are repurchased by the Company under the authority granted to the directors as mentioned in resolution no. 4B above shall be added to the aggregate number of shares of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to resolution no. 4A above.”

By Order of the Board  
**Lam Ho Keung**  
Company Secretary

Hong Kong, 24 March 2015

*Principal Office:*

Office No. 3, 13th Floor  
Boss Commercial Centre  
No. 28 Ferry Street  
Kowloon  
Hong Kong

*Note: A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint proxies to attend and vote in his stead. A proxy need not be a member of the Company. In order to be valid, the form of proxy must be deposited at the Company's principal office in Hong Kong together with a power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, not less than 48 hours before the time for holding the meeting or adjourned meeting.*