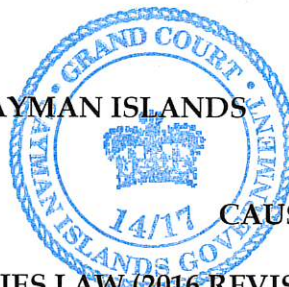


IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION



CAUSE NO: FSD 21 OF 2018(IMJ)

IN THE MATTER OF THE COMPANIES LAW (2016 REVISION)

AND IN THE MATTER OF CHANGGANG DUNXIN ENTERPRISE COMPANY
LIMITED



WINDING UP PETITION

To the Grand Court

The humble petition of **CHANGGANG DUNXIN ENTERPRISE COMPANY LIMITED**, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands (the **Company**) shows that:-

A. Preamble

1. The Company, acting through its joint provisional liquidators appointed by the High Court of the Hong Kong Special Administrative Region (the **HK JPLs** and the **HK Court**, respectively) presents this petition pursuant to section 94(1)(d) of the Companies Law (2016 Revision) (the **Law**).
2. The Company is unable to pay its debts within the meaning of section 92(d) of the Law and is insolvent. The Company, through the HK JPLs, wishes to propose a restructuring of its liabilities with a view to returning it to solvency (the **Proposed Restructuring**). The Petition, together with a proposed appointment of joint provisional liquidators by this Honourable Court, is in aid of the Proposed Restructuring.

B. The Company

3. The Company was incorporated as an exempted company with limited liability in accordance with the laws of the Cayman Islands on 27 August 2012. The Company's registration number is CT-271305.
4. On 6 December 2012, the Company was registered in Hong Kong as a non-Hong Kong Company under Part XI of the former Companies Ordinance (Cap.32). The Company's registration number in Hong Kong is F19507.
5. The Company's principal place of business in Hong Kong is situated at Office No. 3, 13th Floor, Boss Commercial Centre, No. 28 Ferry Street, Kowloon, Hong Kong.

6. The authorised share capital of the Company is divided into 3,000,000,000 shares of HK\$0.01 each. As of 31 December 2016, the amount of the capital paid up or credited as paid up was HK\$11,913,600 divided into 1,191,360,000 shares.
7. The shares of the Company (the **Shares**) have been listed on the Main Board of the Hong Kong Stock Exchange since 26 June 2014 (stock code: 2229). Since 20 January 2016, trading of the Shares has been suspended.
8. Subject to the provisions of the Company's Memorandum and Articles of Association, the objects for which the Company was established are unrestricted.
9. Consistent with its objects, the Company operates as a holding company, through which it holds the shares, directly and indirectly, of a number of subsidiaries, details of which are set out below (the **Group**). The principal activities of the Group consist of manufacturing, production and sale of upstream packaging paperboard products including white top linerboard, kraftlinerboard and high performance corrugated medium, as well as downstream products comprising of corrugated medium boards and boxes and playing cards.

C. The Company's Assets

10. The Company is the registered holder of the issued shares of Tun's Paper Group Holdings Limited, a company incorporated in accordance with the laws of the British Virgin Islands (**Tuns BVI**). Through Tuns BVI, the Company is the indirect owner of three subsidiaries, Tun's Paper (Holdings) Limited, Charmfield Investments Limited, and Lung Kei (International) Investment Limited. It is through these subsidiaries that the Group operates its business activities as set out above.

D. The Hong Kong Statutory Demand

11. On 17 February 2017, Wang Tao (**Tao**), a creditor of the Company, served a statutory demand on the Company (the **HK Statutory Demand**) by which demand was made in the amount of HK\$52,300,000 together with interest at the rate of 30% per annum (the **HK Statutory Demand Debt**).
12. The HK Statutory Demand Debt represented a debt obligation of the Company payable to Tao pursuant to a corporate bond issued by the Company in accordance with a Placing Agreement dated 22 January 2016 (the **Bond**).
13. Payment under the Bond was due, at the latest, by 31 January 2017. The Company failed to pay the sum due under the Bond by such date, or at all.
14. Following service of the HK Statutory Demand, the Company failed to pay the HK Statutory Demand Debt, or to otherwise take steps to dispute the HK Statutory

Demand Debt and/or to set aside the HK Statutory Demand. The HK Statutory Demand Debt remains due and owing.

15. Taking into account further liabilities which are now also due, and which the Company is unable to discharge in full, the Company has current liabilities of approximately HKD 267 million (USD 34 million) as at 31 December 2016 (this figure is taken from the Company's draft balance sheet for the year ended 31 December 2016 which it obtained from its auditors, and which remains subject to finalisation).
16. Based on the Company's unaudited draft balance sheet as at 30 June 2017, a further "non-current portion" of the corporate bonds in the sum of approximately HKD 52 million (USD 7 million) has since become due and payable, bringing the Company's total liabilities to HKD 319 (approximately USD 41 million) as at 31 December 2016.

E. The Hong Kong Proceedings and Appointment of the HK JPLs

17. Following the Company's failure to pay the HK Statutory Demand Debt, on 31 May 2017, Tao presented a petition (the **HK Petition**) to the HK Court by which he sought, *inter alia*, an order that the Company be wound up in accordance with the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance.
18. The HK Petition was assigned Companies (Winding-Up) Number 164/2017 by the HK Court (the **HK Proceedings**).
19. On 5 June 2017, the HK Court, within the HK Proceedings, ordered the appointment of Kennic Lai Hang LUI and LAU WU Kwai King Lauren as joint and several provisional liquidators of the Company (that is, the **HK JPLs**, as defined above).
20. On 7 December 2017, the HK Court granted sanction to the HK JPLs to petition this Honourable Court for the winding up of the Company, being the court of competent jurisdiction within the Company's place of incorporation.
21. On 11 December 2017, the HK Court adjourned the HK Petition until 12 March 2018 to, *inter alia*, allow this application to be made.

F. Proposed Restructuring

22. For the reasons set out in Sections C and D above, the Company is insolvent. This has necessitated a Proposed Restructuring of the Company's liabilities. The presentation of this petition, and an appointment of joint liquidators by this Honourable Court, are necessary steps in the Proposed Restructuring, and will afford the Company the opportunity to properly promote, and the Company's creditors the opportunity to properly consider, the Proposed Restructuring.

G. Recognition of the HK JPLs in the Cayman Islands

23. On 8 February 2018, this Honourable Court, in proceedings captioned Cause Number FSD 270 of 2017 (IMJ) and commenced by the HK JPLs, ordered that the HK JPLs be recognised in the Cayman Islands for the purpose of making an application to wind up the Company and to seek their appointment as joint provisional liquidators of the Company in the Cayman Islands.
24. In the present circumstances, the Company should be wound up as it is unable to pay its debts.

YOUR PETITIONER THEREFORE HUMBLY PRAYS THAT:-

- (1) The Company be wound up by the Court in accordance with the Law.
- (2) Martin Trott of Rawlinson Hunter, 2nd Floor, Windward 1, Regatta Office Park, PO Box 897, Grand Cayman, KY1-1103, and Kennic Lai Hang LUI and LAU WU Kwai King Lauren, both of KLC Corporate Advisory & Recovery Limited, 5th Floor, Ho Lee Commercial Building, 38-44 D'Aguliar Street, Central, Hong Kong be appointed as joint official liquidators of the Company (the **Joint Official Liquidators**).
- (3) The Joint Official Liquidators not be required to give security for their appointment.
- (4) The Joint Official Liquidators be authorized to take such steps as may be necessary or expedient for the protection of the Company's assets, and for that purpose they may exercise any of the powers specified in Part I and II of the Third Schedule to the Law, and for the avoidance of doubt such powers may be exercised within and outside the Cayman Islands. Specifically, but without prejudice to the generality of the foregoing, the Joint Official Liquidators shall have the powers to:
 - a. bring or defend any action or other legal proceeding in the name and on behalf of the Company;
 - b. take possession of, collect and get in the property of the Company and for that purpose to take all such proceedings as they consider necessary;
 - c. carry on the business of the Company so far as may be necessary for the presentation of a compromise or arrangement to its creditors and/or its beneficial winding up;
 - d. sell any of the Company's property by public auction or private contract with power to transfer the whole of it to any person or to sell the same in parcels;
 - e. raise or borrow money and grant securities therefor over the property of the Company;
 - f. take any action as may be desirable to obtain recognition of their appointment in any relevant jurisdiction;

- g. engage staff (whether or not as employees of the Company) to assist them in the performance of their functions; and
 - h. engage attorneys and other professionally qualified persons to assist them in the performance of their functions.
- (5) The Joint Official Liquidators be authorized to act jointly and severally in their capacity as Joint Official Liquidators.
 - (6) The Joint Official Liquidators be at liberty to apply for further directions concerning their functions and the exercise or proposed exercise of their powers.
 - (7) No suit, action or other proceeding be proceeded with or commenced against the Company except with leave of the Court and subject to such terms as the Court may impose.
 - (8) The remuneration and expenses of the Joint Liquidators be paid out of the assets of the Company.
 - (9) The costs of and incidental to the Petition be paid out of the assets of the Company as expenses within the liquidation.

And your Petitioner will ever pray etc.

Dated the 19th day of February 2018

Filed the 19 day of February 2018

Mourant Ozannes

Mourant Ozannes

Attorneys for the Petitioner

This PETITION is filed by Mourant Ozannes, Attorneys-at-Law for the Petitioner whose address for service is PO Box 1348, 4th Floor, 94 Solaris Avenue, Camana Bay, Grand Cayman KY1-1108

NOTICE OF HEARING

TAKE NOTICE THAT the hearing of this Petition will take place at the Law Courts, George Town, Grand Cayman, Cayman Islands on _____ at _____

Any correspondence or communication with the Court relating to the hearing of this Petition should be addressed to the Registrar of the Financial Services Division of the Grand Court at PO Box 495, George Town, Grand Cayman, KY1-1106, Cayman Islands