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CHINA WOOD
中木國際

CHINA WOOD INTERNATIONAL HOLDING CO., LIMITED
中木國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1822)

INSIDE INFORMATION ANNOUNCEMENT

This announcement is made by China Wood International Holding Co., Limited (the “**Company**”) pursuant to Rule 13.09(2)(a) 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 in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the discloseable transaction announcement of the Company dated 6 July 2017 (the “**Subscription Announcement**”). Unless defined otherwise, capitalized terms in this announcement shall have the same meaning as the Subscription Announcement.

On 12 November 2020, the Company was informed that on 10 November 2020, the holders of Class A Shares and Class B Shares have petitioned to the Grand Court of the Cayman Islands (the “**Court**”) for the winding up of the Fund and by order of the Court the Fund was placed into official liquidation and joint official liquidators in Hong Kong and the Cayman Islands (the “**JOLs**”) were appointed.

Subsequently, the Company was informed by the JOLs dated 9 December 2020 that they are of the view that each of the assets of the Fund is of low to no realizable value and therefore request the Company as the holder of Class C Shares to indemnify the Fund pursuant to the Placing Memorandum, to the extent that the Fund, among others:–

- A. the then Class A net asset value falls short of an amount equal to the sum of:
 - i. the total subscription amount of Class A Shares, i.e. HK\$100 million; and
 - ii. outstanding Class A Fixed Return; and

- B. the then Class B net asset value falls short of an amount equal to the sum of:
 - iii. the total subscription amount of Class B Shares, i.e. HK\$100 million; and
 - iv. outstanding Class B Fixed Return.

The JOLs request the Company to indemnify the Fund Item (A)(i) and Item (B)(i), being HK\$200 million in total, immediately. In the meantime, the JOLs would ascertain the amount of Item (A)(ii) and Item (B)(ii) and determine the remaining amount to be indemnified by the Company (collectively, the “**Indemnification Claims**”).

During the years ended 31 December 2018 and 2019, the Group recognised a fair value losses of the Company’s HK\$100 million investment in the Fund and the remaining fair value was recorded as approximately HK\$20,569,000 as at 31 December 2018 and approximately HK\$10,941,000 as at 31 December 2019 respectively.

The Company does not agree with the Indemnification Claims and is currently seeking legal advice in respect thereof. Further announcement(s) relating to the Indemnification Claims will be made by the Company as and when appropriate.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
China Wood International Holding Co., Limited
Lyu NingJiang
Chairman and Executive Director

Hong Kong, 31 December 2020

As at the date of this announcement, the Board comprises of Mr. Lyu NingJiang (Chairman and CEO) as executive director, Mr. Hu YongGang as non-executive director; and Mr. Zhao XianMing, Mr. An Dong and Mr. Fung Tze Wa as independent non-executive directors.