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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

(Joint Provisional Liquidators appointed)

(For restructuring purposes only)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1822)

DECISION OF THE LISTING COMMITTEE

This announcement is made by China Wood International Holding Co., Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules (the “**Listing Rules**”) Governing the Listing of Securities The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) 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).

References are made to the announcements (the “**Announcements**”) of the Company dated 23 April 2021, 26 April 2021 and 4 May 2021. Unless otherwise specified, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

The Board wishes to inform the shareholders and potential investors of the Company that the Review Hearing was held on 13 July 2021. On 21 July 2021, the Company received a letter from the Stock Exchange notifying the Company that the Listing Committee of the Stock Exchange (the “**Listing Committee**”), having considered all the submissions (both written and oral) made by the Company and the Listing Division (the “**Division**”) of the Stock Exchange, decided to uphold the Decision to suspend trading in the shares of the Company under Rule 6.01(3) of the Listing Rules. The Listing Committee was of the view that the Company failed to maintain a sufficient level of operations and assets of sufficient value to support its operations under Rule 13.24 of the Listing Rules to warrant the continued listing of its shares (the “**LC Decision**”).

The Listing Committee arrived at its decision for the following reasons:

1. The Company is principally engaged in (a) the Car Rental Business; and (b) the Wood Business.
2. The financial performance of the Company has been deteriorating. The Company has been loss making for the past seven years, the Company operates the Car Rental Business and the Wood Business, both of which are small in scale and generate minimal revenue. As explained below, the Car Rental Business has all along been small since its commencement in FY2014. The situation did not appear to be a temporary downturn or decline. The Company planned to expand the Car Rental Business and the Wood Business but the business plans were preliminary and not supported by any signed contracts or track record. The Listing Committee was concerned that the Company’s businesses are not viable and sustainable.

Car Rental Business

3. The Car Rental Business has recorded annual revenue of less than HK\$28 million in previous fiscal years since its commencement in FY2014, apart from a minimal segment profit of HK\$0.3 million in FY2019, this business has been loss making since FY2016, Whilst the Company expected the revenue to improve after the completion of its debt restructuring by the end of 2021, it was uncertain whether and when such exercise would be completed. In any event, the projected revenue for the year ending 31 December 2022 was not substantiated by signed contracts and would continue to be not enough to meet the requirements of Rules 13.24.

Wood Business

4. The Wood Business commenced in FY2020 and has a limited track record. Although the Company intended to expand this segment by venturing downstream into (a) the manufacturing and sales of wood furniture; and (b) the timber flooring processing business, the business plans appeared to be preliminary without any concrete details. Further, the expected revenue was not substantiated by any signed contracts. In the absence of concrete plans to expand the Wood Business and a credible profit forecast, the Company failed to demonstrate that its business operations and financial performance could be substantially improved. The Listing Committee had concerns about the viability and sustainability of the Wood Business.

Impact of COVID-19

5. The Company alleged that its business and expansion plans had been affected by the outbreak of COVID-19. However, as mentioned above, the financial performance of the Company has been deteriorating and the Company has been loss making over the past seven years, the situation did not appear to be a temporary downturn or decline. The business plans submitted by the Company were preliminary and generic and lacked concrete details. The Company failed to substantiate that, but for COVID-19, it would have been able to substantially improve its business operations.

Level of assets

6. As of 31 December 2020, the Company recorded net liabilities of HK\$986 million and net current liabilities of HK\$1,090 million and the Company's auditors has issued a disclaimer opinion due to material uncertainties on going concern. The Company submitted that the level of assets would be improved with the completion of the debt restructuring and the potential acquisition of other assets. However, it was not clear whether and when these would eventually materialise. In view of the above, the Listing Committee considered that the Company failed to maintain a sufficient level of assets to meet the Rule 13.24 requirements.

RIGHT OF REVIEW AND POTENTIAL REVIEW REQUEST OF THE LC DECISION

Under Rules 2B.06(2) and 2B.08(1) of the Listing Rules, the Company has the right to have the LC Decision referred to the Listing Review Committee (as defined in the Listing Rules) for review within seven business days from the date of the LC Decision (i.e., on or before 30 July 2021). The trading in the Shares will be suspended from 9: 00 a.m. on 2 August 2021 (i.e., after the expiry of seven business days from the date of the LC Decision), unless the Company applies for a review of the LC Decision in accordance with its rights under Chapter 2B of the Listing Rules. Prior to that, trading in the Shares will continue.

The Company is in the process of reviewing the LC Decision and is discussing the same internally and with the professional advisers, and will consider whether to lodge a request for the LC Decision to be referred to the Listing Review Committee for review.

The Directors would like to remind the Shareholders and potential investors of the Company that (i) the Company may or may not proceed with the review by the Listing Review Committee; and (ii) the outcome of such review, if undertaken, is uncertain. Further announcement(s) will be made by the Company as and when appropriate and in accordance with the requirements of the Listing Rules.

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

By order of the Board
China Wood International Holding Co., Limited
中木國際控股有限公司
(Joint Provisional Liquidators appointed)
(For restructuring purposes only)
Lyu NingJiang
Chairman and Executive Director

Hong Kong, 21 July 2021

As at the date of this announcement, the Board comprises 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. Wan ManWah as independent non-executive directors.