THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **China Wood International Holding Co., Limited** (the "**Company**"), you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular appears for information only and does not constitute an invitation or offer to shareholders or any other persons to acquire, purchase, or subscribe for securities of the Company.

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)

(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY ONE EXISTING SHARE HELD ON RECORD DATE; AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

Gram Capital Limited
嘉林資本有限公司

Capitalised terms used in this cover page shall have the same meanings as those defined in this circular.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares and is subject to the fulfilment of conditions. Please refer to the section headed ''Letter from the Board – Conditions of the Rights Issue'' in this circular. In the event that the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders together with the Rights Shares not provisionally allotted to the Non-Qualifying Shareholders and aggregated fractions of Rights Shares will be made available for excess application under the EAFs. There is no minimum subscription level or minimum amount to be raised under the Rights Issue.

A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 21 of this circular. A letter from Gram Capital, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 22 to 43 of this circular.

A notice convening the EGM of the Company to be held at Room 3008-3009, 30/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong on Tuesday, 18 February 2025 at 11:00 a.m., at which the above proposal will be considered, is set out in this circular. Whether or not you are able to attend the EGM, please complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude shareholders from attending and voting in person at the EGM if they so wish, in such event, the form of proxy shall be deemed to be revoked.

Shareholders and potential investors should note that the Rights Issue is conditional upon the fulfillment of the conditions referred to in the paragraph headed "Conditions of the Rights Issue" in the Letter from the Board. Accordingly, the Rights Issue may or may not proceed. Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

Shareholders should note that the Shares will be dealt in on an ex-rights basis commencing from Thursday, 20 February 2025 and that dealing in the Rights Shares in the nil-paid form will take place from Wednesday, 5 March 2025 to Wednesday, 12 March 2025 (both days inclusive). Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Rights Issue is subject are fulfilled (which is expected to be on Monday, 17 March 2025), will accordingly bear the risk that the Rights Issue cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

This circular together with the form of proxy are also published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.chinawoodint.com.hk).

28 January 2025

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Set out below is the expected timetable for the proposed Rights Issue which is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled:

Expected Timetable	**2025**
Latest time for lodging transfers of the Shares in order to qualify for attendance and voting at the EGM	4:30 p.m. on Tuesday, 11 February
Closure of register of members of the Company for determination of the identity of the Shareholders entitled to attend and vote at the EGM (both dates inclusive)	Wednesday, 12 February to Tuesday, 18 February
Latest time for lodging proxy forms for the EGM	11:00 a.m. on Sunday, 16 February
Expected time and date of the EGM	11:00 a.m. on Tuesday, 18 February
Announcement of poll results of the EGM	Tuesday, 18 February

The following events are conditional upon passing the relevant resolution approving the Rights Issue at the EGM.

Last day of dealings in Shares on a cum-rights basis	Wednesday, 19 February
First day of dealings in Shares on an ex-rights basis	Thursday, 20 February
Latest time for lodging transfer of Shares in order to qualify for the Rights Issue	4:30 p.m. on Friday, 21 February
Register of members of the Company closes (both days inclusive)	Monday, 24 February to Friday, 28 February
Record Date for determining entitlements to the Rights Issue	Friday, 28 February
Register of members of the Company re-opens	Monday, 3 March
Despatch of Prospectus Documents (in the case of Excluded Shareholders, the Prospectus only)	Monday, 3 March

First day of dealing in nil-paid Rights Shares	Wednesday, 5 March
Latest time for splitting of the PAL(s)	4:30 p.m. on Friday, 7 March
Last day of dealing in nil-paid Rights Shares	Wednesday, 12 March
Latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares	4:00 p.m. on Monday, 17 March
Announcement of allotment results	Monday, 24 March
Despatch of certificates for fully-paid Rights Shares and refund cheques, if any, in respect of wholly or partially unsuccessful application for excess Rights Shares	Tuesday, 25 March
Expected first day of dealings in fully-paid Rights Shares	9:00 a.m. on Wednesday, 26 March

Dates or deadlines specified in expected timetable above or in other parts of this circular are indicative only and may be subject to change. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

The Prospectus, in both English and Chinese, will be made available on the Company's website (www.chinawoodint.com.hk) and the Stock Exchange's website (www.hkexnews.hk). A notice of publication of the website version of the Prospectus, in both English and Chinese, will be sent by the Company to Shareholders by email or by post (only if the Company does not possess the functional email address of a Shareholder) on the publication date of the Prospectus.

The Company will send the PAL(s) to its Shareholders individually in printed form. The Company will send the EAF(s} to its Shareholders individually by email. If the Company does not possess the email address of a Shareholder or the email address provided is not functional, the Company will send the EAF(s} in printed form together with a request form for soliciting the Shareholder's functional email address to facilitate electronic dissemination of Actionable Corporate Communications in the future.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The latest time for acceptance of and payment for the Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a "black" rainstorm warning or "extreme conditions" caused by super typhoons:

(i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Monday, 17 March 2025. Instead, the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or

(ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Monday, 17 March 2025. Instead, the latest time for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance of and payment for the Rights Shares does not take place on or before 4:00 p.m. on Monday, 17 March 2025, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

In this circular, the following expressions have the following meanings unless the context requires otherwise:

"acting in concert"	has the meaning ascribed to it under the Takeovers Code
"Actionable Corporate Communication"	refer to any document(s) issued or to be issued by the Company that seek instructions from Shareholders on how they wish to exercise their rights or make elections as Shareholders
"Announcement"	the announcement of the Company dated 19 November 2024 in relation to, among others, the Rights Issue
"associates"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Business Day"	a day (excluding Saturday and Sunday and public holiday) on which licensed banks in Hong Kong are open for general business
"BVI"	British Virgin Islands
"CAGR"	compounded annual growth rate
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Company"	China Wood International Holding Co., Limited (中木國際控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, and the ordinary shares of which are listed on the main board of the Stock Exchange (stock code: 01822)
"connected person"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company

"Disposal"	the disposal by the Group of the Disposal Group
"Disposal Group"	Gigantic Wisdom Limited and its subsidiaries, indirectly wholly-owned by the Company before the Disposal, and principally engaged in car rental business in the PRC
"EAF(s)"	the form(s) of application for use by the Qualifying Shareholders who wish to apply for excess Rights Shares
"EGM"	the extraordinary general meeting of the Company to be convened and held at which resolution will be proposed to consider, and, if thought fit, to approve, among other things, the Rights Issue and the transactions contemplated respectively thereunder
"Excluded Shareholder(s)"	those Overseas Shareholder(s) whom the Directors, based on legal opinions provided by the Company's legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of restrictions under the laws of the relevant place or the requirements of a relevant regulatory body or stock exchange in that place
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKSCC"	the Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Board Committee"	the independent board committee, comprising all the independent non-executive Directors, which has been established to make recommendations to the Independent Shareholders in respect of the terms of the Rights Issue and the transactions contemplated respectively thereunder

"Independent Financial Adviser" or "Gram Capital"	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser of the Company appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue and the transactions contemplated thereunder
"Independent Shareholders"	Shareholders other than the Controlling Shareholder(s) and their associates or, where there is no Controlling Shareholder, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates
"Independent Third Party(ies)"	third party(ies) who, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, are independent of and not acting in concert or connected with the Company and its connected persons or any of their respective associates
"Last Trading Day"	19 November 2024, being the last full trading day of the Shares on the Stock Exchange prior to the release of the Announcement
"Latest Practicable Date"	24 January 2025 being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Latest Time for Acceptance"	4:00 p.m. on Monday, 17 March 2025 or such later time or date as may be determined by the Company, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus Documents
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mr. Lyu"	Mr. Lyu NingJiang, the chairman of the Board, CEO, executive Director and a Controlling Shareholder of the Company

"Overseas Shareholder(s)"	Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong
"PAL(s)"	the renounceable provisional allotment letter(s) in respect of the Rights Issue proposed to be issued to the Qualifying Shareholders
"Placing"	the placing of 68,490,000 Placing Shares by the Company that was completed on 20 September 2024
"Placing Share(s)"	new Shares allotted and issued by the Company, on 20 September 2024 under the general mandate granted by the Shareholders at the annual general meeting held on 14 June 2024 and pursuant to the placing agreement dated 27 August 2024, ranking *pari passu* in all respects with the other Shares then in issue
"PRC"	the People's Republic of China, which for the purpose of this circular excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Prospectus"	the prospectus to be despatched to the Shareholders by the Company containing details of the proposed Rights Issue
"Prospectus Documents"	the Prospectus, the PAL and the EAF
"Prospectus Posting Date"	Monday, 3 March 2025, or such other day as may be determined by the Company for the despatch of the Prospectus Documents
"Qualifying Shareholder(s)"	Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date, other than the Excluded Shareholders
"Record Date"	Friday, 28 February 2025 or such other date as may be determined by the Company for the determination of the entitlements under the Rights Issue

"Registrar"	the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
"Right Momentum"	Right Momentum Group Limited, a company incorporated in the BVI and wholly owned by Mr. Lyu
"Rights Issue"	the proposed issue by way of rights on the basis of one (1) Rights Share for every one (1) existing Share held by the Qualifying Shareholders on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Prospectus Documents
"Rights Share(s)"	Shares to be allotted and issued under the proposed Rights Issue on the basis of one (1) Rights Share for every one (1) existing Share in issue on the Record Date, being 411,219,340 Rights Shares based on the Company's total number of issued Shares as at the Latest Practicable Date
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of issued Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Price"	HK$0.111 per Rights Share
"substantial shareholder"	has the meaning ascribed to it under the Listing Rules
"Takeovers Code"	The Hong Kong Code on Takeovers and Mergers (as amended and supplemented from time to time)
"%"	percentage

* *In this circular, the English translation of the Chinese names denoted is for illustration purposes only. In the event of any inconsistency, the Chinese names shall prevail.*

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)

Executive Directors:
Mr. Lyu NingJiang *(Chairman and CEO)*
Ms. Ng Lai Ha

Non-executive Director:
Mr. Hu YongGang

Independent non-executive Directors:
Mr. Zhao XianMing
Mr. Chan Lik Shan
Mr. So Yin Wai

Registered Office:
Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111
Cayman Islands

Head Office and Principal Place of Business:
11th Floor, Tower 2
Admiralty Centre
18 Harcourt Road, Admiralty
Hong Kong

28 January 2025

To the Qualifying Shareholders and, for information only, the Excluded Shareholders (if any)

Dear Sir or Madam,

**PROPOSED RIGHTS ISSUE
ON THE BASIS OF ONE RIGHTS SHARE
FOR EVERY ONE EXISTING SHARE HELD ON RECORD DATE**

INTRODUCTION

Reference is made to the announcements of the Company dated 19 November 2024, 10 December 2024, 13 December 2024, 17 January 2025 and 22 January 2025 whereby the Board announced, among others, that the Company proposed to conduct the Rights Issue.

The purpose of this circular is to provide you with further details of the Rights Issue and the notice of EGM.

PROPOSED RIGHTS ISSUE

The Company proposes to implement the Rights Issue on the basis of one (1) Rights Share for every one (1) existing Share held on the Record Date at the Subscription Price of HK$0.111 per Rights Share, to raise gross proceeds of approximately HK$45.6 million by issuing 411,219,340 Rights Shares to the Qualifying Shareholders.

As at the Latest Practicable Date, the Group had no outstanding derivatives, options, warrants, convertible or exchangeable securities carrying rights to subscribe for, convert or exchange into Shares.

Assuming no Shares are issued or repurchased on or before the Record Date, 411,219,340 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represents (i) 100% of the total number of issued Shares as at the Latest Practicable Date; and (ii) 50% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

Subscription Price

The Subscription Price is HK$0.111 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

(i) a discount of approximately 68.3% to the closing price of HK$0.350 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a discount of approximately 45.0% to the closing price of HK$0.202 per Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a discount of 48.6% to the average of the closing prices of HK$0.216 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day;

(iv) a discount of approximately 29.1% to the theoretical ex-rights price of HK$0.1565 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK$0.202 per Share as quoted on the Stock Exchange on the Last Trading Day; and

(v) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 24.9%, represented by the theoretical diluted price of approximately HK$0.1663 per Share to the benchmarked price of HK$0.2216 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior to the date of the Announcement).

The Subscription Price was determined with reference to, among others, (i) the market prices of the Shares under the prevailing market conditions and the relevant discount to the closing prices; (ii) the latest business performance and financial position of the Group; and (iii) the reasons for and benefits of proposed Rights Issue as discussed in the section headed "REASONS FOR AND BENEFITS OF THE PROPOSED RIGHTS ISSUE AND INTENDED USE OF PROCEEDS" in this circular.

The Directors (including the independent non-executive Directors) consider that, despite any potential dilution impact of the proposed Rights Issue on the shareholding interests of the Shareholders, the terms of the proposed Rights Issue, including the Subscription Price, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole, after taking into account the following factors:

(i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the proposed Rights Issue are able to sell the nil-paid rights in the market;

(ii) the proposed Rights Issue allows the Qualifying Shareholders an opportunity to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company and an opportunity to subscribe for excess Rights Shares subject to the level of acceptance; and

(iii) the proceeds from the Rights Issue can fulfil the funding needs of the Group.

As at the date of this circular, the Board has not received any information from any Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them.

Conditions of the Rights Issue

The Rights Issue will be conditional upon:

(i) the passing of all the necessary resolution at the EGM to approve the Rights Issue and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares) by the Shareholders (other than those who are required to abstain from voting according to the Listing Rules or other applicable laws and regulations if necessary);

(ii) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively each of the Prospectus Documents in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Prospectus Posting Date;

(iii) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter to the Excluded Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;

(iv) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of and permission to deal in the Rights Shares (in their nil-paid and fully-paid forms); and

(v) compliance with the requirements under the applicable laws and regulations of Hong Kong and the Cayman Islands.

The conditions set out above are incapable of being waived by the Company. If any of the above conditions is not satisfied by the Latest Time for Acceptance, the Rights Issue will not proceed.

Non-underwritten basis

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event there is an under subscription of the Rights Issue, any unsubscribed Rights Shares will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount which must be raised in order for the Rights Issue to proceed.

As the Rights Issue will proceed on a non-underwritten basis, the Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer under the Takeovers Code, unless a waiver from the Executive has been obtained. Accordingly, the Rights Issue will be made on the term that the Company will provide for Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the applications of any Shareholder for his entitlement under the PAL or for excess Rights Shares under the EAF will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code.

Qualifying Shareholders

The Company will send the Prospectus Documents to the Qualifying Shareholders only. For the Excluded Shareholders, the Company will send copies of the Prospectus to them for their information only, but no PAL and EAF will be sent to the Excluded Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not be an Excluded Shareholder on the Record Date.

Shareholders whose Shares are held by nominee companies (or which are deposited in CCASS) should note that the Board will regard a nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies (or which are deposited in CCASS) are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

In order to be registered as members of the Company on the Record Date for the Rights Issue, a Shareholder must lodge the relevant transfer(s) of Share(s) (with the relevant share certificates) with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on Friday, 28 February 2025.

The last day of dealing in the Shares on cum-rights basis is Wednesday, 19 February 2025. The Shares will be dealt with on an ex-rights basis from Thursday, 20 February 2025.

Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Excluded Shareholders should note that their shareholdings in the Company will be diluted.

Rights of Overseas Shareholders (if any)

As at the Latest Practicable Date, the Company has a total of 24 Overseas Shareholders holding an aggregate of 238,911,218 Shares as follows:

Place of address	Number of Overseas Shareholders	Number of Shares held
BVI	2	238,903,147
PRC	22	7,718

Taking into account the advice provided by legal adviser in the PRC and by legal adviser in the BVI, the Directors are of the view that the relevant PRC and BVI legal restrictions and requirements of the regulatory body or stock exchange in the PRC and/or in the BVI do not make it necessary or expedient to exclude the Overseas Shareholders with registered addresses located in the PRC or in the BVI from the Rights Issue. Therefore, such Overseas Shareholders are not Excluded Shareholders and the Rights Issue will be extended to such Overseas Shareholders.

No invitation has been made or will be made, directly or indirectly, to the public in the BVI to purchase the Rights Shares, and the Rights Shares are not being offered or sold and may not be offered or sold, directly or indirectly, in the BVI, except as otherwise permitted by the BVI laws.

The Prospectus Documents to be issued in connection with the Rights Issue will not be registered or filed under the securities law of any jurisdiction other than Hong Kong. In the event that additional Overseas Shareholder(s), other than the Overseas Shareholders with registered address located in the PRC or in the BVI as mentioned above, is/are identified as at the Record Date, such Overseas Shareholder(s) may not be eligible to take part in the Rights Issue as explained below.

In the event additional Overseas Shareholder(s), other than the Overseas Shareholders with registered address located in the PRC or in the BVI as mentioned above, is/are identified as at the Record Date, pursuant to Rule 13.36(2) of the Listing Rules, the Company will make necessary enquiries regarding the feasibility of extending the Rights Issue to such Overseas Shareholder(s) (if any) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, based on legal advice, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to any Overseas Shareholder(s) on account either of the legal restrictions under the laws of relevant place(s) or the requirements of the relevant overseas regulatory body or stock exchange, no provisional allotment of the nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholder(s). In such circumstances, the Rights Issue will not be extended to the Excluded Shareholders. The basis for excluding the Excluded Shareholders, if any, from the Rights Issue will be set out in the Prospectus to be issued.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders, be aggregated and made available for excess applications by the Qualifying Shareholders who wish to apply for the Right Shares over and above their assured allotments.

Closure of register of members

The register of members of the Company will be closed from Wednesday, 12 February 2025 to Tuesday, 18 February 2025 (both days inclusive) for determining the Shareholders' entitlements to the voting at the EGM.

The register of members of the Company will be closed from Monday, 24 February 2025 to Friday, 28 February 2025 (both days inclusive) for determining the Shareholders' entitlements to the Rights Issue.

No transfer of Shares will be registered during the above book closure periods.

Basis of provisional allotment

The basis of the provisional allotment shall be one (1) Rights Share for every one (1) existing Share in issue and held by the Qualifying Shareholders at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Prospectus Documents.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Fractional entitlements to the Rights Shares

On the basis of provisional allotment of one (1) Right Share for every one (1) Share held on the Record Date, no fractional entitlements to the Rights Shares shall be issued to the Shareholders. No entitlements of the Excluded Shareholders to the Rights Shares shall be issued to the Excluded Shareholders.

Status of the Rights Shares

The Rights Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfillment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Tuesday, 25 March 2025. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Tuesday, 25 March 2025 by ordinary post to the applicants at their own risk, to their respective registered addresses.

Application for excess Rights Shares

Under the proposed Rights Issue, Qualifying Shareholders may apply, by way of excess application, for (i) any unsold entitlements of the Excluded Shareholder; and (ii) any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares.

Application for excess Rights Shares can be made by the Qualifying Shareholders only and by duly completing and signing an EAF (in accordance with the instructions printed therein) and lodging the same with a separate remittance for the excess Rights Shares being applied for with the Registrar no later than 4:00 p.m. on Monday, 17 March 2025.

The Directors will allocate any excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

(i) any excess Rights Shares will be allocated to Qualifying Shareholders who apply for them on a pro rata basis by reference to the number of the excess Rights Shares applied for under each application;

(ii) no reference will be made to the Rights Shares subscribed through applications by PALs or the existing number of Shares held by Qualifying Shareholders; and

(iii) no preference will be given to applications for topping up odd-lot holdings to whole lot holdings.

Pursuant to Rule 7.21(3)(b) of the Listing Rules, the Company will also take steps to identify the applications for excess Rights Shares made by the Controlling Shareholder or its associates (together, the "**Relevant Shareholders**"), whether in their own names or through nominees. The Company shall disregard the Relevant Shareholders' applications for excess Rights Shares to the extent that the total number of excess Rights Shares they have applied for exceeds a maximum number equivalent to the total number of Rights Shares offered under the Rights Issue minus the number of Rights Shares taken up by the Relevant Shareholders under their assured entitlement to the Rights Shares.

Beneficial owners of Shares whose Shares are held by a nominee company (including HKSCC Nominees Limited) should note that for the purpose of the Rights Issue, the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the beneficial owners of Shares whose Shares are registered in the name of the nominee companies should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually and are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

For those beneficial owners of Shares whose Shares are held by their nominee(s) (including HKSCC Nominees Limited) and who would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the Registrar, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration by 4:30 p.m. on Friday, 21 February 2025. Shareholders and investors should consult their professional advisers if they are in doubt as to their status.

Application for listing of the Rights Shares

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of the dealings in the Rights Shares in both their nil-paid and fully-paid forms or such other dates as may be determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealing in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be in the board lots of 30,000 Rights Shares and will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Excluded Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

REASONS FOR AND BENEFITS OF THE PROPOSED RIGHTS ISSUE AND INTENDED USE OF PROCEEDS

The principal activity of the Company is investment holding. The Group is principally engaged in wood-related business, including the processing and distribution of furniture wood, and the manufacturing and sales of antique-style wood furniture and other wooden products. During 2024, the property sector in China is still struggling to emerge from the credit crisis after the PRC government cracked down on its debt levels in August 2020. Wood consumption is closely linked to the housing market and its demand for construction materials, flooring, furniture, and decorative items. In the last quarter of 2024, the central bank in the PRC had come up with measures including RMB300 billion in lending support for state owned enterprises to buy completed but unsold housing inventory. Another RMB4 trillion in credit was targeted to boost project completions. Notwithstanding that, the property market in the PRC is still in a precarious position, and much depends on the PRC government’s follow through on support. As a result, the business environment in which the Group operates remains to be challenging and tough.

To counter the risks of over-exposure to the wood-related business and to capitalize on the Group's expertise and experience in PRC marketing, the Company has been actively assessing the viability of business diversification. The Group has been actively studying business opportunities in areas including the functional food and beverage industry in the PRC. In light of the contingent liabilities arising from legal actions subsisted in the car rental business, its limited scale of operation, and taking into account of its future prospect, the Group considers it appropriate to discontinue the car rental business in October 2024 to release precious financial resources and management time in more promising business areas like the functional food and beverage business in the PRC.

With an increasing disposable income and awareness of a healthy lifestyle, driven by the recent pandemic, the desire for a balanced and healthy diet has expanded rapidly in recent years in the PRC, resulting in significant growth in the functional food and beverage industry in the PRC and the Group expects that as China's population ages, the need for functional foods and beverage will be even higher, and so will the opportunities for businesses. According to a market research report publicly available, the revenue of PRC functional foods market was estimated at approximately US$36.77 billion in 2023 and is anticipated to grow to approximately US$67.69 billion by 2030, representing a CAGR of approximately 9.1% during the forecast period. In light of the robust growth in the PRC functional foods market, the Board considers that it is in the interests of the Company and the Shareholders as a whole for the Group to develop its functional food and beverage business in the PRC.

In the fourth quarter of 2024, the Company has established Shenzhen Weijianbao Food Technology Co. Ltd.* (深圳維健寶食品科技有限公司) ("**Shenzhen Weijianbao**"), a wholly-owned subsidiary of the Company in the PRC, to conduct functional food and beverage business in the PRC. The Group has allocated up to HK$2 million out of its working capital for the initial setup and operation of Shenzhen Weijianbao. To assist in the initial setup and operation of Shenzhen Weijianbao, out of the HK$2 million allocated, the Group has appointed an independent consultant who holds a degree in business administration and having over 10 years of business development management experience in the food and beverage industry; and another independent consultant who holds a degree in bio-science and having over 10 years of research development management experience in the food and beverage industry. To minimize business risk and on the strength of the Group expertise and experience in PRC marketing, the Group initially has marketed functional food and beverage products, supplied by ODM supplier, under its own branding through direct sales channel and achieved a revenue of approximately HK$1 million in 2024. Given the initial positive response, the Group believes that it will be beneficial to further develop the functional food and beverage business in the PRC. As at the Latest Practicable Date, the Company has not identified any potential targets for acquisition or formation of joint venture in relation to its planned development of functional food and beverage business in the PRC.

To further develop the business in the functional food and beverage industry, the Group also plans to (i) recruit additional management and technical staff with established knowledge and experience in the functional food and beverage industry; (ii) conduct research activities for the development of proprietary rights and technology related to functional food and beverage to enhance the competitive advantages of the Group's products, the production of the Group's products will remain to be outsourced to external independent suppliers; and (iii) set up a sales and marketing team and engaging key opinion leaders ("**KOLs**") designated for the promotion of functional food and beverage products and the development of its functional food and beverage business in the PRC through direct sales channels. The Group has no plan to change the development of its wood-related business. Other than the Disposal, the Company does not intend to cease or downsize any of its existing business upon further development of its functional food and beverage business.

The net proceeds from the Rights Issue (after deducting the estimated expenses) are estimated to be approximately HK$44.6 million. The estimated net subscription price per Rights Share after deducting the related expenses of the Rights Issue is expected to be approximately HK$0.109. The Company intends to apply the net proceeds from the proposed Rights Issue as follows:

(i) approximately 44.8% of the net proceeds, or approximately HK$20.0 million, for investment in functional food and beverage business in the PRC. The Company currently intends to apply the net proceeds allocated for the development of the functional food and beverage business of the Group in the PRC as follows during the 12 months following the completion of the Rights Issue: (a) approximately HK$8.0 million for the acquisition of research and development equipment for the development of proprietary rights and technology related to functional food products; (b) approximately HK$3.0 million for costs associated with the continuous testing and development of functional food products; (c) approximately HK$3.0 million for the recruitment of management and technical staff with established knowledge and over five years of experience in the Hong Kong and/or PRC food and beverage industry; and (d) approximately HK$6.0 million for setting up a sales and marketing team and engaging KOLs to promote the functional food and beverage products developed by the Group; and

(ii) approximately 55.2% of the net proceeds, or approximately HK$24.6 million, for general working capital of the Group, including but not limited to operational costs, staff costs, rental expenses, professional fees and other office overheads of the Group.

In the event that there is an under-subscription of the Rights Issue, the net proceeds of the Rights Issue as reduced by such under-subscription will be utilised in proportion to the above uses.

The Rights Issue will allow the Qualifying Shareholders who elect not to participate in the Rights Issue are able to sell the nil-paid Rights Shares in the market while the Qualifying Shareholders who wish to increase their shareholding in the Company through the Rights Issue are able to acquire additional nil-paid Rights Shares in the market and/or through application for excess Rights Shares.

The Directors consider that the Rights Issue provides a good opportunity for the Group to strengthen its capital base without incurring debt financing cost and to enhance its financial position, while at the same time the Rights Issue will enable all Shareholders to participate in the future development of the Company. Therefore, the Directors are of the view that it is in the interests of the Company and the Shareholders as a whole to raise capital through the Rights Issue.

The Company has considered fund raising by issuing debt security or debt financing but the Board considers that any further debt financing or borrowings would worsen the gearing ratio and incur further interest expenses of the Company. Therefore, the Board has ruled out debt financing as a source for raising funds on this occasion.

The Board also considered the option of placing of new Shares, but taking into account (i) the engagement of a placing agent which would incur additional costs and expenses on the part of the Company; and (ii) the dilution of the interests of Shareholders without giving them the opportunity to take part in the exercise, it was not considered by the Board to be the most suitable fund-raising method for the Company on this occasion. Further, the Board considered that a rights issue would be more favourable and attractive to the Shareholders than an open offer because it would allow Shareholders to have more flexibility in dealing with the Shares and the nil paid rights attaching thereto.

In light of the above, the Board is of the view that the Rights Issue is the most appropriate fund-raising method and that the terms of the Rights Issue are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Excluded Shareholders should note that their shareholdings will be diluted.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

For illustration purposes only, set out below is the shareholding structure of the Company as at the Latest Practicable Date, and the effect on the shareholding structure of the Company upon completion of the Rights Issue in the manner contemplated in this circular, is as follow:

	As at the date of the Announcement		Immediately after completion of the Rights Issue (assuming all Shareholders have taken up the Rights Shares)	
Name of Shareholder	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*
Right Momentum *(Note 1)*	226,098,085	54.98%	452,196,170	54.98%
Public Shareholders	185,121,255	45.02%	370,242,510	45.02%
Total	411,219,340	100.0%	822,438,680	100.0%

Note:

1. Right Momentum is a company incorporated in the British Virgin Islands and is wholly owned by Mr. Lyu.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

Save for the fund raising activity set out below, the Company has not conducted any other equity fund raising activities in the twelve (12) months immediately preceding from the date of the Announcement.

Date of initial announcement	Event	Net proceeds as announced (approximate)	Intended use of proceeds as announced	Actual use of proceeds
27 August 2024	Placing of new shares under general mandate	HK$15.2 million	Repayment of debts and general working capital of the Group	All net proceeds have been used for the intended purpose

LISTING RULES IMPLICATIONS

As the Rights Issue will increase the issued share capital of the Company by more than 50%, under Rule 7.19A and 7.27A of the Listing Rules, the Rights Issue is subject to approval of the Independent Shareholders at the EGM by a resolution on which any Controlling Shareholders and their respective associates or, where there are no Controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Rights Issue. As at the Latest Practicable Date, Right Momentum, being a Controlling Shareholder, directly holds 226,098,085 Shares (representing approximately 54.98% of the issued share capital of the Company as at the Latest Practicable Date). Right Momentum is a company wholly-owned by Mr. Lyu, the chairman of the Board, CEO and an executive Director of the Company. Accordingly, Right Momentum, Mr. Lyu and their respective associates shall abstain from voting in favour of the Rights Issue in accordance with Rule 7.27A of the Listing Rules.

GENERAL

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Zhao XianMing, Mr. Chan Lik Shan and Mr. So Yin Wai, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, taking into account the recommendations of Gram Capital, appointed by the Company to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable.

The EGM will be convened and held to consider, and, if thought fit, to approve, among other matters, the Rights Issue and the transactions contemplated respectively thereunder.

In order to be registered as members of the Company on the record date for attending and voting at the EGM, all transfers of the Shares (together with the relevant share certificate(s) and/or instrument(s) of transfer) must be lodged with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on Tuesday, 11 February 2025.

Subject to the fulfillment of certain conditions of the Rights Issue, the Company will despatch the Prospectus Documents containing, among other matters, details of the proposed Rights Issue, to the Qualifying Shareholders. The Company will despatch the Prospectus to the Excluded Shareholders for their information only, but the Company will not send the PAL and EAF to the Excluded Shareholders.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND THE NIL-PAID RIGHTS

Shareholders and potential investors of the Company should note that the proposed Rights Issue is conditional upon, among others, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and full-paid forms. Accordingly, the proposed Rights Issue may or may not proceed.

The Shares are expected to be dealt in on an ex-rights basis from Thursday, 20 February 2025. Dealings in the Rights Shares in nil-paid form are expected to take place from Wednesday, 5 March 2025 to Wednesday, 12 March 2025 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the proposed Rights Issue is subject are fulfilled will accordingly bear the risk that the proposed Rights Issue may not become unconditional or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

RECOMMENDATION

The Directors consider that the terms of the Rights Issue are fair and reasonable and are in the interests of the Company and the Shareholders as a whole, therefore, the Directors recommend the Independent Shareholders to vote in favour of the proposed resolution approving the Rights Issue at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board
China Wood International Holding Co., Limited
Lyu NingJiang
Chairman and Executive Director

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)

28 January 2025

To the Qualifying Shareholders and, for information only, the Excluded Shareholders (if any)

Dear Sir or Madam,

PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY ONE EXISTING SHARE HELD ON RECORD DATE

We have been appointed to form an independent board committee to consider and advise you on the terms of the Rights Issue and the voting recommendation on the relevant resolution, details of which are set out in the circular issued by the Company to the Shareholders dated 28 January 2025 (the "**Circular**"), of which this letter forms part. Terms defined in the Circular will have the same meanings when used herein unless the context otherwise requires.

We wish to draw your attention to the letter from the Board and the letter of advice from Gram Capital set out on pages 6 to 20 and pages 22 to 43 of the Circular, respectively, and the additional information set out in the appendices to the Circular.

Having taken into account the background of and reasons for the Rights Issue and having taken into consideration of the advice of Gram Capital, in relation thereto as set out on pages 22 to 43 of the Circular, we concur with the view of Gram Capital and consider that the terms of the Rights Issue (including the Subscription Price and the subscription ratio) are fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolution.

Yours faithfully,
For and on behalf of the Independent Board Committee of
China Wood International Holding Co., Limited
Mr. Zhao XianMing **Mr. Chan Lik Shan** **Mr. So Yin Wai**
Independent non-executive Directors

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue for the purpose of inclusion in this circular.

Gram Capital Limited
嘉林資本有限公司

Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

28 January 2025

To: *The independent board committee and the independent shareholders of China Wood International Holding Co., Limited*

Dear Sir/Madam,

PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY ONE EXISTING SHARE HELD ON RECORD DATE

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, details of which are set out in the letter from the Board (the "**Board Letter**") contained in the circular dated 28 January 2025 issued by the Company to the Shareholders (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 19 November 2024, the Company announced its proposal to implement the Rights Issue on the basis of one Rights Share for every one existing Share held on the Record Date at the Subscription Price of HK$0.111 per Rights Share, to raise gross proceeds of approximately HK$45.6 million by issuing 411,219,340 Rights Shares to the Qualifying Shareholders.

With reference to the Board Letter, as the Rights Issue will increase the issued share capital of the Company by more than 50%, under Rule 7.19A and 7.27A of the Listing Rules, the Rights Issue is subject to approval of the Independent Shareholders at the EGM.

The Independent Board Committee comprising Mr. Zhao XianMing, Mr. Chan Lik Shan and Mr. So Yin Wai (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Rights Issue are on normal commercial terms and are fair and reasonable; (ii) whether the Rights Issue is in the interests of the Company and the Shareholders as a whole; and (iii) how to vote in relation to the Rights Issue at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

INDEPENDENCE

As at the Latest Practicable Date, we were not aware of any relationships or interests between Gram Capital and the Company during the past two years immediately preceding the Latest Practicable Date, or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Rights Issue. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement therein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Rights Issue. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Rights Issue, we have taken into consideration the following principal factors and reasons:

Information on the Group

With reference to the Board Letter, the principal activity of the Company is investment holding. The Group is principally engaged in wood-related business, including the processing and distribution of furniture wood, and the manufacturing and sales of antique-style wood furniture and other wooden products.

Set out below are the consolidated financial information of the Group as extracted from the Company's annual report for the year ended 31 December 2023 (the "**2023 Annual Report**") and the Company's interim report for the six months ended 30 June 2024 (the "**2024 Interim Report**"):

	For the six months ended 30 June 2024 HK$'000 (unaudited)	For the six months ended 30 June 2023 HK$'000 (unaudited)	Year-on-year change %	For the year ended 31 December 2023 HK$'000 (audited)	For the year ended 31 December 2022 HK$'000 (audited)	Year-on-year change %
Revenue	175,090	102,259	71.22	323,411	145,378	122.46
– Car rental	*4,822*	*5,321*	*(9.38)*	*11,326*	*11,901*	*(4.83)*
– Wood-related business	*170,268*	*96,938*	*75.65*	*312,085*	*133,049*	*134.56*
– Others	*–*	*–*	*N/A*	*–*	*428*	*(100.00)*
Gross profit	15,519	22,105	(29.79)	38,772	24,112	60.80
(Loss)/profit for the period/year attributable to owners of the Company	(2,361)	(58,210)	(95.94)	1,200,803	(150,133)	N/A

	As at 30 June 2024 HK$'000 (unaudited)	As at 31 December 2023 HK$'000 (audited)	As at 31 December 2022 HK$'000 (audited)
Cash and cash equivalents	701	3,522	4,060
Net liabilities	(44,005)	(41,711)	(1,402,852)

As depicted from the table above, the Group's revenue increased significantly by approximately 122.46% from approximately HK$145.38 million for the year ended 31 December 2022 ("**FY2022**") to approximately HK$323.41 million for the year ended 31 December 2023 ("**FY2023**"). With reference to the 2023 Annual Report, such increase mainly resulted from increase in revenue generated from wood-related business from approximately HK$133.05 million for FY2022 to approximately HK$312.09 million for FY2023. In addition, the Group's gross profit also increased by approximately 60.80% from FY2022 to FY2023 and the Group recorded profit attributable to owners of the Company for FY2023 in contrast to loss attributable to owners of the Company for FY2022. With reference to the 2023 Annual Report and as advised by the Directors, such improvements were mainly due to (i) the aforesaid increase in the Group's revenue; (ii) decrease in net allowances for expected credit losses on trade and other receivables; and (iii) substantial gain on the scheme of arrangement (which became effective on 11 July 2023) as detailed in the Company's circular dated 5 August 2022.

As depicted from the table above, the Group's revenue increased substantially by approximately 71.22% from approximately HK$102.26 million for the six months ended 30 June 2023 ("**1H2023**") to approximately HK$175.09 million for the six months ended 30 June 2024 ("**1H2024**"). With reference to the 2024 Interim Report, such increase mainly resulted from increase in revenue generated from wood-related business from approximately HK$96.94 million for 1H2023 to approximately HK$170.27 million for 1H2024. In contrast, the Group's gross profit for 1H2024 decreased by approximately 29.79% as compared to that for 1H2023. With reference to the 2024 Interim Report, such decrease was the result of downward pressure on profit margin by general slowdown of the wood-related business market. In addition, the Group's loss for the period attributable to owners of the Company decreased significantly from approximately HK$58.21 million for 1H2023 to approximately HK$2.36 million for 1H2024. With reference to the 2024 Interim Report and as advised by the Directors, such decrease was mainly due to substantial decrease in the finance costs, as partially offset by decrease in gross profit and increase in administrative expenses.

As depicted from the table above, the Group recorded (i) net liabilities of approximately HK$1,402.85 million, approximately HK$41.71 million and approximately HK$44.01 million as at 31 December 2022, 31 December 2023 and 30 June 2024 respectively; and (ii) cash and cash equivalents of approximately HK$4.06 million, approximately HK$3.52 million and approximately HK$0.70 million as at 31 December 2022, 31 December 2023 and 30 June 2024 respectively.

With reference to the 2024 Interim Report, the Group has been actively studying business opportunities in areas including the functional food and beverage industry; and the health and beauty industry in the PRC. In this regard, the Group is contemplating to conduct fundraising exercise(s) to finance such business opportunities.

Reasons for the Rights Issue and use of proceeds

With reference to the Board Letter, the Rights Issue will allow the Qualifying Shareholders who elect not to participate in the Rights Issue are able to sell the nil-paid Rights Shares in the market while the Qualifying Shareholders who wish to increase their shareholding in the Company through the Rights Issue are able to acquire additional nil-paid Rights Shares in the market and/or through application for excess Rights Shares.

The Directors consider that the Rights Issue provides a good opportunity for the Group to strengthen its capital base without incurring debt financing cost and to enhance its financial position, while at the same time the Rights Issue will enable all Shareholders to participate in the future development of the Company. Therefore, the Directors are of the view that it is in the interests of the Company and the Shareholders as a whole to raise capital through the Rights Issue.

Financing alternatives

With reference to the Board Letter and as confirmed by the Directors:

- The Company has considered fund raising by issuing debt security or debt financing but the Board considers that any further debt financing or borrowings would worsen the gearing ratio (we noticed from the 2023 Annual Report and 2024 Interim Report that the Group's gearing ratio was approximately 431.74% as at 31 December 2022, approximately 11.00% as at 31 December 2023 and approximately 19.49% as at 30 June 2024) and incur further interest expenses of the Company (we noticed from the 2023 Annual Report and 2024 Interim Report that the Group's finance costs was approximately HK$113.74 million for FY2022, approximately HK$68.76 million for FY2023 and approximately HK$1.20 million for 1H2024).

- The Board also considered the option of placing of new Shares, but taking into account (i) the engagement of a placing agent which would incur additional costs and expenses on the part of the Company; and (ii) the dilution of the interests of Shareholders without giving them the opportunity to take part in the exercise, it was not considered by the Board to be the most suitable fund-raising method for the Company on this occasion.

- The Board considered that a rights issue would be more favourable and attractive to the Shareholders than an open offer because it would allow Shareholders to have more flexibility in dealing with the Shares and the nil paid rights attaching thereto.

- The Board considered that the Rights Issue will allow the Qualifying Shareholders who elect not to participate in the Rights Issue are able to sell the nil-paid Rights Shares in the market while the Qualifying Shareholders who wish to increase their shareholding in the Company through the Rights Issue are able to acquire additional nil-paid Rights Shares in the market and/or through application for excess Rights Shares.

- The Directors consider that the Rights Issue provides a good opportunity for the Group to strengthen its capital base without incurring debt financing cost and to enhance its financial position, while at the same time the Rights Issue will enable all Shareholders to participate in the future development of the Company.

Given the above, we consider that the Rights Issue is an appropriate fund-raising method currently available to the Group.

Use of proceeds

With reference to the Board Letter, the net proceeds from the Rights Issue (after deducting the estimated expenses) are estimated to be approximately HK$44.6 million (the "**Net Proceeds**"). The Group has been actively studying business opportunities in areas including the functional food and beverage industry; and the health and beauty industry in the PRC. The Company intends to apply the Net Proceeds from the proposed Rights Issue as follows:

(i) approximately 44.8% of the Net Proceeds, or approximately HK$20.0 million, for investment in functional food and beverage business in the PRC. The Company currently intends to apply the net proceeds allocated for the development of the functional food and beverage business of the Group in the PRC as follows during the 12 months following the completion of the Rights Issue: (a) approximately HK$8.0 million for the acquisition of research and development equipment for the development of proprietary rights and technology related to functional food products; (b) approximately HK$3.0 million for costs associated with the continuous testing and development of functional food products; (c) approximately HK$3.0 million for the recruitment of management and technical staff with established knowledge and over five years of experience in the Hong Kong and/or PRC food and beverage industry; and (d) approximately HK$6.0 million for setting up a sales and marketing team and engaging opinion leaders to promote the functional food and beverage products developed by the Group; and

(ii) approximately 55.2% of the Net Proceeds, or approximately HK$24.6 million, for general working capital of the Group, including but not limited to operational costs, staff costs, rental expenses, professional fees and other office overheads of the Group.

With reference to the Board Letter, in the fourth quarter of 2024, the Company has established Shenzhen Weijianbao Food Technology Co. Ltd.* (深圳維健寶食品科技有限公司) (i.e. Shenzhen Weijianbao), a wholly-owned subsidiary of the Company in the PRC, to conduct functional food and beverage business in the PRC. The Group has allocated up to HK$2 million out of its working capital for the initial setup and operation of Shenzhen Weijianbao. To assist in the initial setup and operation of Shenzhen Weijianbao, out of the HK$2 million allocated, the Group has appointed an independent consultant who holds a degree in business administration and having over 10 years of business development management experience in the food and beverage industry; and another independent consultant who holds a degree in bio-science and having over 10 years of research development management experience in the food and beverage industry. To minimize business risk and on the strength of the Group expertise and experience in PRC marketing, the Group initially has marketed functional food and beverage products, supplied by ODM supplier, under its own branding through direct sales channel and achieved a revenue of approximately HK$1 million in the fourth quarter of 2024. Given the initial positive response, the Group believes that it will be beneficial to further develop the functional food and beverage business in the PRC. As at the Latest Practicable Date, the Company has not identified any potential targets for acquisition or formation of joint venture in relation to its planned development of functional food and beverage business in the PRC. To further develop the business in the functional food and beverage industry, the Group also plans (the "**Plans**") to (i) recruit additional management and technical staff with established knowledge and experience in the functional food and beverage industry; (ii) conduct research activities for the development of proprietary rights and technology related to functional food and beverage to enhance competitive advantages of the Group's products, production of the Group's products will remain to be outsourced to external independent suppliers; and (iii) set up a sales and marketing team and engaging opinion leaders designated for the promotion of functional food and beverage products and the development of its functional food and beverage business in the PRC through direct sales channels. The Group has no plan to change the development of its wood-related business. In light of the robust growth in the PRC functional foods market, the Board considers that it is in the interests of the Company and the Shareholders as a whole for the Group to develop its functional food and beverage business in the PRC.

To further understand the market conditions of the functional food and beverage industry in the PRC, we searched for relevant market information as follows:

We noted from the Board Letter and confirmed with the Directors that the Company made reference to a market research report titled "China Functional Foods Market Size & Outlook, 2023-2030" (https://www.grandviewresearch.com/horizon/outlook/functional-foods-market/china) published by Grand View Research when considering the functional food and beverage business in the PRC. Based on our independent search, we identified the aforesaid report overview which illustrated that (i) the PRC functional foods market generated revenue of US$36,776.7 million in 2023 and is expected to reach US$67,692.3 million by 2030; and (ii) the PRC functional foods market is expected to grow at a compound annual growth rate of 9.1% from year 2024 to 2030. According to the website of Grand View Research, Grand View Research is an India & United States based market research and consulting company, registered in the State of California and headquartered in San Francisco. Grand View Research provides syndicated research reports, customized research reports, and consulting services. Grand View Research database is used by the world's renowned academic institutions and Fortune 500 companies to understand the global and regional business environment. Its database features thousands of statistics and in-depth analysis on 46 industries in 25 major countries worldwide. Having considered Grand View Research's profile as stated above, we consider that it is justifiable for the Company to make reference to the above data.

Having taken into account:

(i) the Group's experience in PRC business;

(ii) that the Group has engaged two experienced independent consultants relating to food and beverage industry;

(iii) the Plans;

(iv) that in the fourth quarter of 2024, after Shenzhen Weijianbao's incorporation, it achieved revenue of approximately HK$1 million; and

(v) the positive market outlook as set out in the above paragraph,

we do not doubt the feasibility of the Group's business development in the functional food and beverage business in the PRC.

As illustrated in the section headed "Information on the Group" above, the Group's cash and cash equivalents decreased from approximately HK$4.06 million as at 31 December 2022 to (a) approximately HK$3.52 million as at 31 December 2023; and (b) approximately HK$0.70 million as at 30 June 2024. The Group also recorded net liabilities of approximately HK$44.01 million as at 30 June 2024.

In light of the above, we consider that intended use of the Net Proceeds could (a) support the Group's business expansion in the functional food and beverage industry in the PRC and the Group's business operation; and (b) enhance the Group's financial position.

Having considered (i) reasons for the Rights Issue as mentioned above; (ii) that the Rights Issue is an appropriate fund-raising method currently available to the Group; and (iii) the intended use of the Net Proceeds as set out above could (a) support the Group's business expansion in the functional food and beverage industry in the PRC and the Group's business operation; and (b) enhance the Group's financial position, we are of the view that although the Rights Issue is not conducted in the Group's ordinary and usual course of business, it is in the interest of the Company and the Shareholders as a whole.

Principal terms of the Rights Issue

Set out below are the principal terms of the Rights Issue as extracted from the Board Letter:

Basis of the Rights Issue:	One Rights Share for every one existing Share held on the Record Date
Subscription Price:	HK$0.111 per Rights Share
Number of Shares in issue as at the Latest Practicable Date:	411,219,340 Shares
Number of Rights Shares:	Up to 411,219,340 Rights Shares (assuming no Shares are issued or repurchased on or before the Record Date)
Amount to be raised by the Rights Issue before expenses:	Up to approximately HK$45.6 million

For further details of the Rights Issue, please refer to the section headed "PROPOSED RIGHTS ISSUE" of the Board Letter.

Analysis on the Subscription Price

With reference to the Board Letter, the Subscription Price of HK$0.111 per Rights Share represents:

(i) a discount of approximately 68.3% to the closing price of HK$0.350 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a discount of approximately 45.0% to the closing price of HK$0.202 per Share as quoted on the Stock Exchange on the Last Trading Day (the "**LTD Discount**");

(iii) a discount of approximately 48.6% to the average of the closing prices of approximately HK$0.216 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day (the "**5 Days Discount**"); and

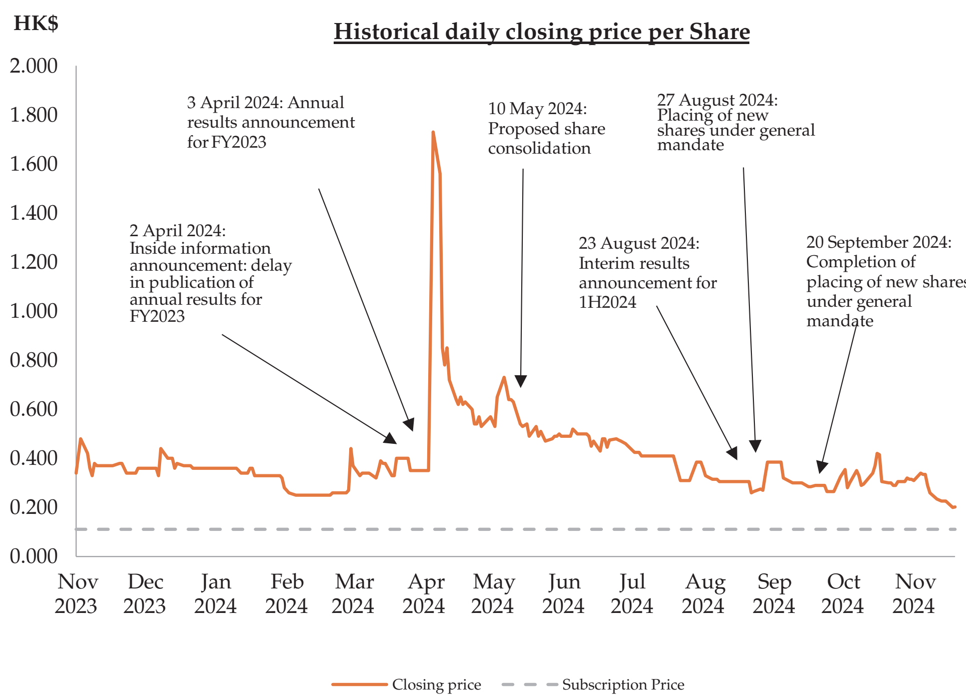
(iv) a discount of approximately 29.1% to the theoretical ex-rights price of HK$0.1565 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK$0.202 per Share as quoted on the Stock Exchange on the Last Trading Day (the "**TERP Discount**").

With reference to the Board Letter, the Rights Issue will result in a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 24.95%, represented by the theoretical diluted price of approximately HK$0.1663 per Share to the benchmarked price of HK$0.2216 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the average of the closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the date of the Announcement).

With reference to the Board Letter, the Subscription Price was determined with reference to, among others, (i) the market prices of the Shares under the prevailing market conditions and the relevant discount to the closing prices; (ii) the latest business performance and financial position of the Group; and (iii) the reasons for and benefits of proposed Rights Issue as discussed in the section headed "REASONS FOR AND BENEFITS OF THE PROPOSED RIGHTS ISSUE AND INTENDED USE OF PROCEEDS" in the Board Letter.

a) Share price performance

In order to assess the fairness and reasonableness of the Subscription Price, we reviewed the daily closing price of the Shares as quoted on the Stock Exchange from 1 November 2023 up to and including the Last Trading Day (the "**Review Period**"), being a period of approximately one year up to and including the Last Trading Day, which is commonly adopted for analysis, and the number of trading days during the Review Period is sufficient for us to perform a thorough analysis on the historical closing prices of Shares with the Subscription Price. Hence, we consider the duration of the Review Period is adequate and appropriate. The comparison of daily closing prices of the Shares and the Subscription Price is illustrated as follows:



Source: The Stock Exchange's website

During the Review Period, the lowest and highest closing prices of the Shares as quoted on the Stock Exchange were HK$0.20 recorded on 18 November 2024 and HK$1.73 recorded on 5 April 2024 respectively.

From the start of the Review Period to 3 April 2024, the closing price of the Shares fluctuated between HK$0.25 and HK$0.48. Subsequently, the closing price of the Shares surged and reached its highest of HK$1.730 on 5 April 2024. Thereafter, the closing price of Shares decreased significantly and recorded HK$0.62 on 16 April 2024. Since then, the closing price of Shares formed a general downward trend and hit the lowest of HK$0.20 on 18 November 2024. The closing price of Shares was HK$0.202 on the Last Trading Day.

The Subscription Price of HK$0.111 is below the closing prices of Shares during the Review Period.

b) Liquidity

Set out below are (i) the number of trading days; (ii) the percentage of the Shares' average daily trading volume (taking into account the Group's share consolidation as disclosed in the Company's announcement dated 10 May 2024, which became effective on 18 June 2024) (the "**Average Volume**") as compared to the total number of issued Shares held by the Public Shareholders as at the Latest Practicable Date; and (iii) the percentage of the Average Volume as compared to the total number of issued Shares as at the Latest Practicable Date, during the Review Period:

Month	No. of trading days in each month	% of the Average Volume to total number of issued Shares as at the Latest Practicable Date	% of the Average Volume to total number of issued Shares held by the Public Shareholders as at the Latest Practicable Date
		%	%
2023			
November	22	0.03	0.08
December	19	0.00	0.01
2024			
January	22	0.00	0.00
February	19	0.02	0.04
March	20	0.01	0.03
April	20	0.45	0.99
May	21	0.10	0.21
June	18	0.01	0.03
July	22	0.00	0.01
August	22	0.01	0.02
September	19	0.01	0.02
October	21	0.08	0.17
November (up to and including the Last Trading Day)	13	0.08	0.18

Source: The Stock Exchange's website

Notes:

1. Based on 185,121,255 Shares held by the Public Shareholders as at the Latest Practicable Date as disclosed under the Board Letter.

2. Based on 411,219,340 issued Shares as at the Latest Practicable Date as disclosed under the Board Letter.

We noted from the above table that the liquidity of the Shares was thin during the Review Period. The Average Volume during the Review Period was below 1% of (i) the total number of issued Shares held by the Public Shareholders; and (ii) the total number of issued Shares, as at the Latest Practicable Date.

As aforementioned, the Subscription Price of HK$0.111 is below the closing prices of Shares during the Review Period. Given (i) the thin liquidity of the Shares during the Review Period; (ii) the downward trend of the Shares closing prices from 8 April 2024 to the Last Trading Day; and (iii) the Group's net liabilities as at 31 December 2023 and 30 June 2024, we consider that it is reasonable to offer discount for the Subscription Price to promote the attractiveness of the Rights Shares to the Qualifying Shareholders who are entitled to subscribe for the Rights Shares.

c) Comparables

As part of our analysis, we also searched for rights issue transactions (i) which were not lapsed or terminated up to the Latest Practicable Date; and (ii) involving issuance of ordinary shares, announced from 19 August 2024 up to the Last Trading Day (being a period of three months to generate a reasonable and meaningful number of sample size of 22 Hong Kong listed companies and include sufficient comparables for analysis), by companies listed on the Stock Exchange. To the best of our knowledge and as far as we are aware of, we found 22 rights issue transactions (the "**Comparables**") which met the aforesaid criteria and they are exhaustive. Shareholders should note that the businesses, operations and prospects of the Company are not the same as the subject companies of the Comparables and we have not conducted any independent verification with regard to the businesses and operations of such companies. Although the scale, entitlement and size of fundraising of Rights Issue are not the same as the those of the Comparables, the Comparables can demonstrate the recent market practices of rights issue transactions conducted by Hong Kong listed companies.

Company name (stock code)	Date of announcement	Basis of entitlement	Premium/ (discount) of the subscription price to the closing price per share on the last trading day immediately prior to publication of announcement in relation to the respective rights issue %	Premium/ (discount) of the subscription price to the average closing price per share for the last five consecutive trading days immediately prior to publication of announcement in relation to the respective rights issue %	Premium/ (discount) of the subscription price to the theoretical ex-rights price per share based on the closing price on last trading day in relation to the respective rights issue %	Theoretical dilution effect in relation to the respective rights issue (the "Theoretical Dilution Effect") %	Excess application/ Placing arrangement
BeijingWest Industries International Limited (2339)	22 August 2024	1 for 2	(13.85)	(14.29)	(9.68)	(4.66)	Excess application
Guangdong – Hong Kong Greater Bay Area Holdings Limited (1396)	2 September 2024	1 for 2	(22.03)	(21.77)	(15.84)	(8.27)	Excess application
China New Consumption Group Limited (8275)	4 September 2024	1 for 2	(5.66)	(7.24)	(3.85)	(2.32)	Placing arrangement
Crown International Corporation Limited (727)	9 September 2024	1 for 2	2.27	32.74	1.47	0.80	Excess application
Shougang Century Holdings Limited (103)	13 September 2024	1 for 5	10.00	8.20	8.20	1.38	Excess application
Dragon Rise Group Holdings Limited (6829)	13 September 2024	1 for 1	(48.72)	(48.19)	(32.20)	(24.36)	Placing arrangement
Shougang Fushan Resources Group Limited (639)	23 September 2024	1 for 30	1.56	2.36	1.51	0.05	Excess application
Hatcher Group Limited (8365)	23 September 2024	3 for 1	(31.51)	(24.01)	(10.33)	(23.62)	Placing arrangement
Innovax Holdings Limited (2680)	26 September 2024	1 for 2	(67.39)	(68.35)	(57.94)	(22.46)	Placing arrangement
China National Culture Group Limited (745)	2 October 2024	2 for 1	(31.97)	(31.51)	(2.85)	(21.29)	Placing arrangement
Palinda Group Holdings Limited (8179)	4 October 2024	1 for 2	(18.70)	(9.42)	(13.27)	(6.26)	Excess application
V & V Technology Holdings Limited (8113)	8 October 2024	1 for 2	(31.51)	(26.04)	(23.43)	(10.55)	Excess application
Eminence Enterprise Limited (616)	15 October 2024	2 for 1	(8.00)	(24.34)	(13.53)	(21.30)	Placing arrangement
Gaodi Holdings Limited (1676)	18 October 2024	1 for 2	37.93	38.89	22.44	12.66	Placing arrangement
Kingkey Financial International (Holdings) Limited (1468)	18 October 2024	1 for 2	Nil	8.59	Nil	Nil	Excess application
China 33 Media Group Limited (8087)	21 October 2024	3 for 2	(7.41)	(8.31)	(3.10)	(4.44)	Excess application
IRC Limited (1029)	22 October 2024	1 for 2	(15.00)	(17.15)	(10.53)	(6.07)	Excess application
Yuzhou Group Holdings Company Limited (1628)	31 October 2024	49 for 100	(73.68)	(72.99)	(65.28)	(24.21)	Excess application
China Water Industry Group Limited (1129)	6 November 2024	1 for 1	(49.85)	(49.54)	(33.20)	(24.92)	Placing arrangement

Company name (stock code)	Date of announcement	Basis of entitlement	Premium/ (discount) of the subscription price to the closing price per share on the last trading day immediately prior to publication of announcement in relation to the respective rights issue %	Premium/ (discount) of the subscription price to the average closing price per share for the last five consecutive trading days immediately prior to publication of announcement in relation to the respective rights issue %	Premium/ (discount) of the subscription price to the theoretical ex-rights price per share based on the closing price on last trading day in relation to the respective rights issue %	Theoretical dilution effect in relation to the respective rights issue (the "Theoretical Dilution Effect") %	Excess application/ Placing arrangement
Far East Holdings International Limited (36)	11 November 2024	2 for 1	(35.77)	(35.27)	(15.66)	(23.85)	Placing arrangement
HG Semiconductor Limited (6908)	12 November 2024	1 for 4	(36.00)	(40.00)	(31.03)	(8.29)	Placing arrangement
Global Strategic Group Limited (8007)	15 November 2024	4 for 1	(12.50)	(14.63)	(2.78)	(10.00)	Excess application
Maximum			**37.93**	**38.89**	**22.44**	**12.66**	
Minimum			**(73.68)**	**(72.99)**	**(65.28)**	**(24.92)**	
Average			**(20.81)**	**(19.19)**	**(14.13)**	**(10.55)**	
Median			**(16.85)**	**(19.46)**	**(10.43)**	**(8.28)**	
The Company	**19 November 2024**	**1 for 1**	**(45.05)**	**(48.61)**	**(29.07)**	**(24.95)**	**Excess application**

Source: the Stock Exchange's website

Note: As defined under Rule 7.27B of the Listing Rules or Rule 10.44A of the rules governing the listing of securities on GEM of the Stock Exchange (as the case may be).

As shown by the above table, the premium/discount as represented by the subscription prices of Comparables to (i) the respective closing price per share on last trading day immediately prior to publication of announcement in relation to the respective rights issue ranged from discount of approximately 73.68% to premium of approximately 37.93% (the "**LTD Discount/Premium Market Range**"); (ii) the average closing price per share for the last five consecutive trading days immediately prior to publication of announcement in relation to the respective rights issue ranged from discount of approximately 72.99% to premium of approximately 38.89% (the "**5 Days Discount/Premium Market Range**"); and (iii) the respective theoretical ex-rights price per share based on the closing price on last trading day in relation to the respective rights issue ranged from discount of approximately 65.28% to premium of approximately 22.44% (the "**TERP Discount/Premium Market Range**"). In addition, the Theoretical Dilution Effect of the Comparables ranged from discount of approximately 24.92% to premium of approximately 12.66% (the "**Theoretical Dilution Effect Market Range**").

We noted that, although the Theoretical Dilution Effect of the Rights Issue is slightly below the Theoretical Dilution Effect Market Range, the LTD Discount, the 5 Days Discount and the TERP Discount fall within the LTD Discount Market Range, 5 Days Discount Market Range and TERP Discount Market Range respectively.

Having considered that:

(i) the Subscription Price of HK$0.111 is below the closing prices of Shares during the Review Period;

(ii) it is reasonable to offer discount for the Subscription Price to promote the attractiveness of the Rights Shares; and

(iii) although the Theoretical Dilution Effect of the Rights Issue is slightly below the Theoretical Dilution Effect Market Range, the LTD Discount, 5 Days Discount and TERP Discount fall within the LTD Discount/Premium Market Range, 5 Days Discount/Premium Market Range and TERP Discount/Premium Market Range,

we consider the Subscription Price to be fair and reasonable.

Conditions of the Rights Issue

With reference to the Board Letter, the Rights Issue will be conditional upon satisfaction of the conditions set out under the section headed "Conditions of the Rights Issue" of the Board Letter. The conditions are incapable of being waived by the Company. If any of the conditions is not satisfied by the Latest Time for Acceptance, the Rights Issue will not proceed. Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event there is an under subscription of the Rights Issue, any unsubscribed Rights Shares will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount which must be raised in order for the Rights Issue to proceed.

Application for excess Rights Shares

Under the proposed Rights Issue, Qualifying Shareholders may apply, by way of excess application, for (i) any unsold entitlements of the Excluded Shareholder; and (ii) any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares. Details of application for excess Rights Shares are set out under the section headed "Application for excess Rights Shares" of the Board Letter.

Possible dilution effect to the existing public Shareholders

All Qualifying Shareholders are entitled to subscribe for the Rights Shares in the same proportion to their existing shareholding in the Company held on the Record Date. The Rights Issue allows the Qualifying Shareholders an opportunity to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at discount to the prevailing market prices of the Shares and an opportunity to subscribe for excess Rights Shares subject to the level of acceptance. As in all other cases of rights issues, dilution of the shareholdings of those Qualifying Shareholders who do not take up in full their provisional allotments under the Rights Issue is inevitable. Nonetheless, the Qualifying Shareholders who do not wish to take up their provisional entitlements under the proposed Rights Issue are able to sell the nil-paid rights in the market;

With reference to the Board Letter, the Rights Issue will result in a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 24.95%, represented by the theoretical diluted price of approximately HK$0.1663 per Share to the benchmarked price of HK$0.2216 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the average of the closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the date of the Announcement).

We are aware of the potential dilution effects as just mentioned. Nonetheless, we consider that the foregoing should be balanced by the following factors:

- Independent Shareholders are offered a chance to express their views on the terms of the Rights Issue through their votes at the EGM;

- Qualifying Shareholders have their choice of whether to accept the Rights Issue or not;

- The Rights Issue allows the Qualifying Shareholders an opportunity to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at discount to the prevailing market prices of the Shares and an opportunity to subscribe for excess Rights Shares subject to the level of acceptance; and

- Those Qualifying Shareholders who do not wish to take up their provisional entitlements under the proposed Rights Issue are able to sell the nil-paid rights in the market.

Having considered the above, we consider the potential dilution effects to be acceptable.

Possible financial effects of the Rights Issue

The unaudited pro forma statement of adjusted unaudited consolidated net tangible assets of the Group attributable to the owners of the Company (the "**Pro Forma Statement**") to illustrate the effects of the Rights Issue, which is prepared as if the Rights Issue had taken place on 30 June 2024, is set out under Appendix II to the Circular.

According to the Pro Forma Statement, the adjusted unaudited consolidated net liabilities of the Group attributable to owners of the Company as at 30 June 2024 was approximately HK$44.01 million and would become unaudited pro forma consolidated net tangible assets of the Group attributable to the owners of the Company of approximately HK$15.84 million (based on 411,219,340 Rights Shares to be issued) as if the Rights Issue had taken place on 30 June 2024.

It should be noted that the aforementioned analyses are for illustrative purpose only and do not purport to represent how the financial position of the Group will be upon completion of the Rights Issue.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Rights Issue are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) although the Rights Issue is not conducted under the Group's ordinary and usual course of business, it is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Rights Issue and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has around 30 years of experience in investment banking industry.

1. SUMMARY OF FINANCIAL INFORMATION

The financial information of the Group for the years ended 31 December 2021, 2022 and 2023 and for the six months ended 30 June 2024 are disclosed in the following documents which have been published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (www.chinawoodint.com.hk):

– Annual report for the year ended 31 December 2021 (pages 47 to 186): https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0422/2022042200374.pdf

– Annual report for the year ended 31 December 2022 (pages 49 to 194): https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0428/2023042800043.pdf

– Annual report for the year ended 31 December 2023 (pages 51 to 190): https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0430/2024043000611.pdf

– Interim report for six months ended 30 June 2024 (pages 27 to 56): https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0927/2024092701223.pdf

2. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The principal activity of the Company is investment holding. The Group is principally engaged in wood-related business, including the processing and distribution of furniture wood, and the manufacturing and sales of antique-style wood furniture and other wooden products. During 2024, the property sector in China is still struggling to emerge from the credit crisis after the PRC government cracked down on its debt levels in August 2020. Wood consumption is closely linked to the housing market and its demand for construction materials, flooring, furniture, and decorative items. In the last quarter of 2024, the central bank in the PRC had come up with measures including RMB300 billion in lending support for state owned enterprises to buy completed but unsold housing inventory. Another RMB4 trillion in credit was targeted to boost project completions. Notwithstanding that, the property market in the PRC is still in a precarious position, and much depends on the PRC government's follow through on support. As a result, the business environment in which the Group operates remains to be challenging and tough.

With an increasing disposable income and awareness of a healthy lifestyle, driven by the recent pandemic, the desire for a balanced and healthy diet has expanded rapidly in recent years in the PRC, resulting in significant growth in the functional food and beverage industry in the PRC and the Group expects that as China's population ages, the need for functional foods and beverage will be even higher, and so will the opportunities for businesses. According to a market research report publicly available, the revenue of PRC functional foods market was estimated at approximately US$36.77 billion in 2023 and is anticipated to grow to approximately US$67.69 billion by 2030, representing a CAGR of approximately 9.1% during the forecast period. In light of the robust growth in the PRC functional foods market, the Board considers that it is in the interests of the Company and the Shareholders as a whole for the Group to develop its functional food and beverage business in the PRC.

In the fourth quarter of 2024, the Company has established Shenzhen Weijianbao, a wholly-owned subsidiary of the Company in the PRC, to conduct functional food and beverage business in the PRC. The Group has allocated up to HK$2 million out of its working capital for the initial setup and operation of Shenzhen Weijianbao. To assist in the initial setup and operation of Shenzhen Weijianbao, out of the HK$2 million allocated, the Group has appointed an independent consultant who holds a degree in business administration and having over 10 years of business development management experience in the food and beverage industry; and another independent consultant who holds a degree in bio-science and having over 10 years of research development management experience in the food and beverage industry. To minimize business risk, the Group initially has marketed functional food and beverage products, supplied by ODM supplier, under its own branding through direct sales channel and achieved a revenue of approximately HK$1 million in 2024. Given the initial positive response, the Group believes that it will be beneficial to further develop the functional food and beverage business in the PRC. As at the Latest Practicable Date, the Company has not identified any potential targets for acquisition or formation of joint venture in relation to its planned development of functional food and beverage business in the PRC. To further develop the business in the functional food and beverage industry, the Group also plans to (i) recruit additional management and technical staff with established knowledge and experience in the functional food and beverage industry; (ii) conduct research activities for the development of proprietary rights and technology related to functional food and beverage to enhance the competitive advantages of the Group's products, the production of the Group's products will remain to be outsourced to external independent suppliers; and (iii) set up a sales and marketing team and engaging KOLs designated for the promotion of functional food and beverage products and the development of its functional food and beverage business in the PRC through direct sales channels. The Group has no plan to change the development of its wood-related business. Other than the Disposal, the Company does not intend to cease or downsize any of its existing business upon further development of its functional food and beverage business.

3. INDEBTEDNESS

Indebtedness and Contingent Liabilities

As at 30 November 2024, being the latest practicable date for the purpose of this indebtedness statement, the Group had the following indebtedness:

	As at 30 November 2024
	HK$'000
Lease liabilities	9,448
	9,448

None of the lease liabilities above were secured or guaranteed.

Save as disclosed above, and apart from intra-group liabilities and normal trade and other payable in the ordinary course of business, the Group did not, at the close of business on 30 November 2024, have any other loan issued and outstanding or agreed to be issued, bank overdrafts, charges or debentures, mortgages, term loans (whether guaranteed, unguaranteed, secured and unsecured), debts securities or any other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptable credits, finance leases or hire purchases commitments, guarantees, material covenants, or other material contingent liabilities.

4. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that, taking into consideration the Group's present financial resources and the estimated net proceeds from the Rights Issue, the Group has sufficient working capital for its present requirements for at least twelve months from the date of this circular in the absence of any unforeseen circumstances.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2023, the date to which the latest published audited financial statements of the Group were made up.

For illustrative purpose only, set out below is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group after completion of the Rights Issue. Although reasonable care has been exercised in preparing the unaudited pro forma financial information. Shareholders who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the Group's financial positions at the relevant time.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company ("**Unaudited Pro Forma Financial Information**") has been prepared by the Directors in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the Rights Issue on the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as if the Rights Issue had been completed on 30 June 2024.

The Unaudited Pro Forma Financial Information is prepared for illustrative purpose only, based on the judgements and assumptions of the Directors of the Company and because of its hypothetical nature, it may not give a true picture of the unaudited consolidated net tangible assets of the Group as at 30 June 2024 or to any future dates after completion of the Rights Issue.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited consolidated net tangible assets of the Group attributable to the owners of Company as at 30 June 2024 as derived from the Group's unaudited consolidated financial statements for the period ended 30 June 2024 set out in the published interim report of the Company and is adjusted for the effect of the Rights Issue as if the Rights Issue had been completed on 30 June 2024.

	Unaudited consolidated net liabilities of the Group attributable to the owners of the Company as at 30 June 2024 *HK$'000* *(Note 1)*	Net proceeds from the Placing completed on 20 September 2024 *HK$'000* *(Note 2)*	Estimated net proceeds from the Rights Issue *HK$'000* *(Note 3)*	Unaudited pro forma consolidated net tangible assets of the Group attributable to the owners of the Company immediately after the completion of the Placing and the Rights Issue *HK$'000*
	(44,005)	15,200	44,645	15,840
Unaudited consolidated net liabilities of the Group attributable to the owners of the Company as at 30 June 2024 per Share immediately after the completion of the Placing and before the Rights Issue *(Note 4)*			HK$	(0.070)
Unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2024 per Share immediately after the completion of the Placing and the Rights Issue *(Note 5)*			HK$	0.019

Notes:

1. The amount is determined based on the unaudited consolidated net liabilities of the Group attributable to the owners of the Company as at 30 June 2024 of approximately HK$44,005,000 which has been extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2024 in the published interim report of the Company dated 23 August 2024.

2. On 20 September 2024, the Company completed the Placing in which 68,490,000 Placing Shares were issued at placing price of HK$0.226 per Placing Share. Net proceeds from the Placing amounted to approximately HK$15,200,000 (after deduction of commission and other relevant costs and expenses of the Placing).

3. The estimated net proceeds from the Rights Issue is calculated based on the number of 411,219,340 Rights Shares to be issued at the Subscription Price of HK$0.111 per Rights Share (assuming full acceptance of the Rights Issue by all the Qualifying Shareholders), after deduction of the estimated related expenses, including other relevant costs and expenses, which are directly attributable to the Rights Issue, of approximately HK$1.0 million.

4. The unaudited consolidated net liabilities of the Group attributable to the owners of the Company as at 30 June 2024 per Share immediately after the completion of the Placing and before the Rights Issue of approximately HK$28,805,000 is arrived at after aggregating the unaudited consolidated net liabilities of the Group attributable to the owners of the Company of approximately HK$44,005,000 (note 1 above) and the net proceeds of approximately HK$15,200,000 from the Placing (note 2 above) divided by 411,219,340 Shares in issue immediately after completion of the Placing.

5. The unaudited pro forma consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2024 per Share immediately after the completion of the Placing and the Rights Issue (assuming full acceptance of the Rights Issue by all of the Qualifying Shareholders) is arrived at based on the unaudited pro forma consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2024 immediately after completion of the Placing and the Rights Issue of approximately HK$15,840,000 divided by 822,438,680 Shares (assuming full acceptance of the Rights Issue by all the Qualifying Shareholders and as if the Rights Issue has been completed on 30 June 2024).

6. No adjustments have been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions, save for the Placing, of the Group entered into subsequent to 30 June 2024.

B. INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, from the reporting accountant, TARGET CPA Limited, Certified Public Accountants, Hong Kong.

The Board of Directors
China Wood International Holding Co., Limited
11th Floor, Tower 2,
Admiralty Centre,
18 Harcourt Road, Admiralty,
Hong Kong

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of China Wood International Holding Co., Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2024 and related notes (the "**Unaudited Pro Forma Financial Information**") as set out on in Appendix II to the circular issued by the Company dated 17 January 2025 (the "**Circular**"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Appendix II of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Rights Issue as defined in the Circular on the Group's unaudited consolidated net tangible assets attributable to the owner of the Company as at 30 June 2024 as if the Rights Issue had taken place at 30 June 2024. As part of the process, information about the Group's unaudited consolidated net liabilities attributable to owners of the Company has been extracted by the Directors from the Group's unaudited consolidated financial statements for the six months ended 30 June 2024, on which an interim report has been published.

Directors' responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our independence and quality control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 "Quality Management for Firms that Perform Audits and Reviews of Financial Statements, or Other Assurance and Related Services Engagements" issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by Rule 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2024 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related unaudited pro forma adjustments give appropriate effect to those criteria; and

- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

a. the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;

b. such basis is consistent with the accounting policies of the Group; and

c. the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to Rule 4.29(1) of the Listing Rules.

TARGET CPA Limited
Certified Public Accountants
CHIN, Chi Ho Stanley
Practising Certificate Number: P07911

Hong Kong, 28 January 2025

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particular given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and is not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately after completion of the Rights Issue (assuming no other change in the number of issued Shares and full acceptance of Rights Shares by all Qualifying Shareholders) are set out as follows:

(i) As at the Latest Practicable Date

Authorised:		*HK$*
2,000,000,000	Shares of HK$0.10 each	200,000,000.00
Issued and fully paid:		*HK$*
411,219,340	Shares of HK$0.10 each	41,121,934.00

(ii) Immediately after completion of the Rights Issue (assuming no change in the number of issued Shares and full acceptance of Rights Shares by all Qualifying Shareholders)

Authorised:		*HK$*
2,000,000,000	Shares of HK$0.10 each	200,000,000.00
Issued and fully paid:		*HK$*
411,219,340	Shares of HK$0.10 each	41,121,934.00
411,219,340	Rights Shares to be allotted and issued under the Rights Issue	41,121,934.00
822,438,680	Shares in issue immediately upon completion of the Rights Issue	82,243,868.00

All the existing Shares in issue are fully-paid and rank *pari passu* in all respects including all rights as to dividends, voting and return of capital. The Rights Shares (when allotted, fully paid or credited as fully paid) will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the Rights Shares in their fully paid form will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Rights Shares.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, the Company did not have any outstanding warrants, options or securities convertible into Shares.

As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS

(a) Director's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, save as disclosed below, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were otherwise required to notify the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Model Code**"):

Name of Director	Capacity/ Nature of interests	Total number of Shares and underlying Shares held (Long Position)	Approximate percentage of the Company's issued share capital *(Note 1)*
Mr. Lyu NingJiang	Interest in a controlled corporation *(Note 1)*	226,098,085	54.98%

Note:

1. Mr. Lyu beneficially owns 100% of the share capital of Right Momentum. By virtue of the SFO, Mr. Lyu is deemed to be interested in 226,098,085 Shares held by Right Momentum representing approximately 54.98% of the entire issued share capital of 411,219,340 Shares of the Company as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholders

So far as is known to the Directors, as at the Latest Practicable Date, the following person (not being Directors or chief executive of the Company) had, or was deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name	Capacity and nature of interest	Number of issued ordinary shares held (long position)	Percentage of the Company's issued share capital *(Note 2)*
Right Momentum	Beneficial owner *(Note 1)*	226,098,085	54.98%
Cheung Ching Mo	Beneficial owner	30,000,000	7.29%

Notes:

1. Right Momentum is a company incorporated in the British Virgin Islands and is wholly owned by Mr. Lyu.

2. The approximate shareholding percentage is based on the number of Shares in issue as at the Latest Practicable Date of 411,219,340.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, there are no other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, no director has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or substantial shareholder or any of their respective associates has any interest in business which competes with or may compete with the business of the Group or has any other conflict of interests which any person has or may have with the Group.

6. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

7. INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, no contract or arrangement of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any of the Directors had a material interest, whether directly or indirectly, subsisted as at the Latest Practicable Date.

None of the Directors has any direct or indirect interests in any assets which had been acquired or disposed of by or leased to, or which are proposed to be acquired or disposed of by or leased to, the Company or any of its subsidiaries during the period since 31 December 2023, the date to which the latest published audited financial statements of the Group were made up, up to and including the Latest Practicable Date.

8. MATERIAL CONTRACTS

The following contract(s) (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date which are or may be material:

(i) the placing agreement dated 27 August 2024 entered into between the Company and VC Brokerage Limited ("**VC Brokerage**") as placing agent in relation to the placing of a maximum of 68,500,000 Placing Shares by VC Brokerage to not less than six independent placees at the placing price of HK$0.226 per Placing Share, pursuant to which VC Brokerage would charge the Company a non-refundable documentary and placing fee of HK$128,000. For further details, please refer to the announcements of the Company dated 27 August 2024 and 11 September 2024; and

(ii) the sale and purchase agreement dated 28 October 2024 entered into between Easy Top Ace Limited (頂王有限公司), a direct wholly-owned subsidiary of the Company, as vendor; and Wanyi Asia Limited (萬益亞洲有限公司), an independent third party who is not connected with the Company and its connected persons (as defined under the Listing Rules), as purchaser in relation to the Disposal, at a consideration of HK$50,000. For details, please refer to the announcements of the Company dated 28 October 2024 and 31 October 2024.

9. EXPERTS AND CONSENTS

The following is the qualification of the experts who have been named in this circular or has given opinions, letter or advice contained in this circular:

Name	Qualification
Gram Capital Limited	A licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
TARGET CPA Limited	Certified Public Accountants

As at the Latest Practicable Date, the above experts had no shareholding, directly or indirectly, in the Company or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company.

As at the Latest Practicable Date, the above experts had no interest, direct or indirect, in the promotion of, or in any assets which since 31 December 2023, the date to which the latest published audited financial statements of the Company were made up, have been acquired or disposed of by or leased to, the Company, or are proposed to be acquired or disposed of by or leased to the Company.

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular, with the inclusion of the references to its name and/or its opinion or report in the form and context in which they are included.

10. PARTIES INVOLVED IN THE RIGHTS ISSUE AND CORPORATE INFORMATION

Board of Directors	*Executive Directors* Mr. Lyu NingJiang *(Chairman and CEO)* Ms. Ng Lai Ha *Non-executive Director* Mr. Hu YongGang *Independent non-Executive Directors* Mr. Zhao XianMing Mr. Chan Lik Shan Mr. So Yin Wai
Audit committee	Mr. Zhao XianMing *(Chairman)* Mr. Chan Lik Shan Mr. So Yin Wai
Nomination committee	Mr. Lyu NingJiang *(Chairman)* Mr. Zhao XianMing Mr. Chan Lik Shan Mr. So Yin Wai
Remuneration committee	Mr. Zhao XianMing *(Chairman)* Mr. Chan Lik Shan Mr. So Yin Wai
Head office and principal place of business	11th Floor, Tower 2 Admiralty Centre 18 Harcourt Road, Admiralty Hong Kong
Business address of all Directors and authorised representatives	11th Floor, Tower 2 Admiralty Centre 18 Harcourt Road, Admiralty Hong Kong
Registered office	Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman KY1-1111 Cayman Islands

Legal advisers to the Company as to Hong Kong laws	**K.T. Lo & Co., Solicitors** Units 2109-10, 21/F, Dominion Centre, 43-59 Queen's Road East, Wanchai, Hong Kong
Auditors	**McMillan Woods (Hong Kong) CPA Limited** *Certified Public Accountants* 24/F, Siu On Centre 188 Lockhart Road, Wan Chai, Hong Kong
Reporting accountant in relation to the Rights Issue	**TARGET CPA Limited** *Certified Public Accountants* Unit E, 22/F Tower A, Billion Centre 1 Wang Kwong Road Kowloon Bay Hong Kong
Independent Financial Adviser	**Gram Capital Limited** Room 1209, 12/F Nan Fung Tower 88 Connaught Road Central 173 Des Voeux Road Central Hong Kong
Principal bankers	**Bank of Communications Co., Ltd. Hong Kong Branch** Unit B, B/F & G/F, Unit C, G/F, 1-3/F, 16/F, Room 01 & 18/F, Wheelock House, 20 Pedder Street, Central, Hong Kong **Nanyang Commercial Bank, Limited** 151 Des Voeux Road, Central, Hong Kong
Hong Kong branch share registrar and transfer office	**Tricor Invester Services Limited** 17/F, Far East Finance Centre 16 Harcourt Road, Hong Kong
Authorised representatives	**Mr. Lyu NingJiang** **Mr. Lee Pak Chung**
Company secretary	**Mr. Lee Pak Chung** *Certified Public Accountant*

11. PARTICULARS OF THE DIRECTORS

Executive Directors

Mr. Lyu, aged 65, was appointed as the Chairman of the Board and an executive Director on 3 December 2020. He has received education in mainland China with a forestry major. He had worked with various foresty-related corporations in mainland China with extensive experience in the wood business. Mr. Lyu has over 15 years of experience in senior corporate management. Mr. Lyu was the chairman and chief executive of China Wood Group Company Limited* (中國木材(集團)有限公司) during the period from 1998 to 2013. Mr. Lyu was redesignated as the senior consultant of China Wood Group Company Limited* (中國木材(集團)有限公司) from 2013 to 2018.

Ms. Ng Lai Ha ("**Ms. Ng**"), aged 59, was appointed as an executive Director and a member of the Executive Committee of the Board on 31 December 2024. Ms. Ng has over 30 years of experience in accounting, finance, money lending and securities. Before joining the Company, she worked for several international companies and a securities firm.

Non-executive Director

Mr. Hu YongGang ("Mr. Hu"), aged 58, was appointed as a non-executive Director on 3 December 2020. He has received education in mainland China with an international trade major. Mr. Hu has over twenty years of extensive experience in the automobile business in mainland China and he operates automobile dealers, 4S spareparts service shops and car rental business for almost 17 years. Mr. Hu is the founder owner of BeiJing DeRunFeng Car Rental Company Limited* (北京德潤豐汽車租賃有限公司) since 2012.

Independent non-executive Directors

Mr. Zhao XianMing ("Mr. Zhao"), aged 48, was appointed as an independent non-executive Director on 16 July 2014. He assumed various positions such as the supervisor of the legal and auditorial center of Fanhua Construction Group Limited*(泛華建設集團有限公司), the general legal counsel, the vice-president and the board secretary of China Agritech Inc. (a company listed on the NASDAQ Stock Market). He graduated from China Foreign Affairs University with a master degree of International Law and is a certified enterprise risk manager.

Mr. Chan Lik Shan ("Mr. Chan"), aged 54, was appointed as an independent non-executive Director on 27 January 2023. He holds a Bachelor's Degree in Business Administration from The Chinese University of Hong Kong, a Master's Degree in Business Administration from Hong Kong Baptist University, a Master's Degree in Law from The Renmin University of China, and a Postgraduate Diploma in Professional Accountancy from The Chinese University of Hong Kong. Mr. Chan has over 20 years of working experience with multinational and sizeable companies including The Kowloon Motor Bus Co. (1933) Limited, Xinhua Finance Limited, Cheeminmet Finance Limited, Aureos Capital Limited, Global Group International Holdings Limited, and China Youth Galaxy Capital Holdings Limited, in private equity investment, mergers and acquisitions, corporate finance, the capital market in Hong Kong, and post-deal investment management.

Mr. So Yin Wai ("Mr. So"), aged 62, was appointed as an independent non-executive Director on 23 December 2021. Mr. So graduated from the Hong Kong Polytechnic University in 1986 and he has been in the accounting profession for more than 30 years. He is a fellow member of the Association of Chartered Certified Accountants of United Kingdom and the Hong Kong Institute of Certified Public Accountants. He has previously worked for international public accounting firms and been involved in the audit of a number of international and local engagements and listed companies. He is currently the sole practitioner of his own firm "Alex So & Co. (Certified Public Accountants)". Apart from his auditing experiences, Mr. So also specializes in company secretarial work, tax planning and management consultancy matters. Mr. So is the chairman of "New SOHO New Life Association" and the former chairman of "Chinese Business Association". He is also the honorary auditor of a number of voluntary organizations, including "Hong Kong Parkinson's Disease Foundation" and "HK Po Yin Association for the Development of Education".

12. EXPENSES

The expenses in connection with the Rights Issue, including professional fees payable to lawyers, reporting accountants and financial printer, etc., are estimated to be approximately HK$1 million and will be payable by the Company.

13. MISCELLANEOUS

As at the Latest Practicable Date, to the best knowledge of the Directors, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.

14. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chinawoodint.com.hk) for 14 days from the date of this circular:

(a) the material contracts referred to in the paragraph headed "8. MATERIAL CONTRACTS" in this appendix;

(b) the letter issued by the reporting accountants regarding the unaudited pro forma financial information as set out in appendix II to this circular;

(c) the written consents referred to in the paragraph headed "9. EXPERTS AND CONSENTS" in this appendix;

(d) the letter from the Board, the text of which is set out on pages 6 to 20 of this circular;

(e) the letter from the Independent Board Committee, the text of which is set out on page 21 of this circular; and

(f) the letter from Gram Capital, the text of which is set out on pages 22 to 43 of this circular.

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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting ("**EGM**") of China Wood Holding Co., Limited (the "**Company**") will be held Room 3008-3009, 30/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong at 11:00 a.m. on Tuesday, 18 February 2025 for the purpose of considering and, if thought fit, passing the following resolution with or without amendments as ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT** subject to the satisfaction of the conditions set out in the letter from the board under the heading "Conditions of the Rights Issue" in the circular of the Company dated 28 January 2025 (the "**Circular**"):

(a) the issue by way of rights shares (the "**Rights Issue**") of up to 411,219,340 Shares (the "**Rights Shares**" and each a "**Rights Share**") at a subscription price of HK$0.111 per Rights Share to the qualifying shareholders (the "**Qualifying Shareholders**") of the Company whose names appear on the register of members of the Company on Friday, 28 February 2025 or such other date as may be determined by the Company for the determination of the entitlements under the Rights Issue (the "**Record Date**") (other than those shareholders (the "**Excluded Shareholders**") with registered addresses outside Hong Kong whom the Directors of the Company, after making relevant enquiry, consider their exclusion from the Rights Issue to be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place) on the basis of one (1) Rights Share for every one share of the Company then held on the Record Date and pursuant to the terms and conditions as set out in the circular issued by the Company dated 28 January 2025 of which this notice convening the EGM forms part, be and is hereby approved;

(b) any one of the Directors be and is hereby authorised to allot and issue the Rights Shares (in their nil-paid form and fully-paid form) pursuant to and in connection with the Rights Issue notwithstanding the Rights Shares may be offered, allotted or issued otherwise than pro rata to the Qualifying Shareholders and, in particular, any Director be and is hereby authorised to make such exclusions or other arrangements in relation to fractional entitlements and/or the Excluded Shareholders as he deems necessary, desirable or expedient having regard to any restrictions or obligations under the articles of association of the Company or the laws of, or the rules and regulations of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong; and

(c) any one of the Directors be and is hereby authorised to do all such acts and things, as he may in his discretion consider necessary, desirable or expedient, for the purposes of or in connection with the implementation of the Rights Issue and the transactions contemplated thereunder, including but not limited to the execution of all such documents under seal where applicable, as he considers necessary or expedient in his opinion to implement and/or give effect to the Rights Issue and the implementation of all transactions contemplated thereunder, including but not limited to the issue and allotment of Rights Shares and to agree with such variation, amendment or waiver as, in his opinion, appropriate and in the interests of the Company and its shareholders as a whole."

Yours faithfully,
For and on behalf of the Board
China Wood International Holding Co., Limited
Lyu NingJiang
Chairman and Executive Director

Hong Kong, 28 January 2025

Registered office:
Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111
Cayman Islands

Head office and principal place of business in Hong Kong:
11th Floor, Tower 2
Admiralty Centre
18 Harcourt Road, Admiralty
Hong Kong

Notes:

1. All resolutions at the meeting will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The results of the poll will be published on the websites of The Stock Exchange of Hong Kong Limited and the Company in accordance with the Listing Rules.

2. Any shareholder of the Company entitled to attend and vote at the meeting is entitled to appoint more than one proxy to attend and on a poll, vote instead of him. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every shareholder present in person or by proxy shall be entitled to one vote for each share held by him.

3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for the meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the EGM and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

4. The register of members of the Company will be closed from Wednesday, 12 February 2025 to Tuesday, 18 February 2025 (both dates inclusive), during which no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the meeting, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 11 February 2025.