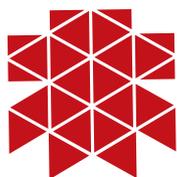


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CHINA WOOD  
**中木國際**

**CHINA WOOD INTERNATIONAL HOLDING CO., LIMITED**

**中木國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1822)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2023  
AND  
RESUMPTION OF TRADING**

**FINANCIAL HIGHLIGHTS**

- The Group recorded a revenue of approximately HK\$323.4 million for the year ended 31 December 2023 (2022: approximately HK\$145.4 million).
- The Group's net profit attributable to owners of the Company for the year ended 31 December 2023 amounted to approximately HK\$1,200.8 million (2022: approximately HK\$150.1 million loss).
- The Board does not recommend the payment of any final dividend for the year ended 31 December 2023 (2022: Nil).

The board (the “**Board**”) of directors (the “**Directors**”) of China Wood International Holding Co., Limited (the “**Company**”) hereby announce the consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2023, together with the comparative audited figures for the year ended 31 December 2022.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*For the year ended 31 December 2023*

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Revenue</b>	5	<b>323,411</b>	145,378
Cost of sales and services rendered		<u>(284,639)</u>	<u>(121,266)</u>
<b>Gross profit</b>		<b>38,772</b>	24,112
Other income, gains and (losses), net	6	<b>213</b>	3,139
Allowances for expected credit losses (“ECLs”) on trade and other receivables, net		<b>(2,268)</b>	(35,578)
Provision for financial guarantee		–	(1,000)
Selling and distribution expenses		<b>(957)</b>	(981)
Administrative expenses		<b>(26,463)</b>	(22,443)
Other expenses		<u>(12,747)</u>	–
<b>Loss from operations</b>		<b>(3,450)</b>	(32,751)
Gain on the Scheme	7	<b>1,273,377</b>	–
Finance costs	8	<u>(68,756)</u>	<u>(113,738)</u>
<b>Profit/(loss) before tax</b>	9	<b>1,201,171</b>	(146,489)
Income tax expense	10	<u>(368)</u>	<u>(3,913)</u>
<b>Profit/(loss) for the year</b>		<u><b>1,200,803</b></u>	<u>(150,402)</u>
<b>Other comprehensive (loss)/income, net of tax</b>			
Items that may be subsequently reclassified to profit or loss			
Exchange difference arising on translation of foreign operations		<b>325</b>	11,369
Release of exchange difference upon the disposal of Excluded Companies		<u>(7,610)</u>	–
<b>Other comprehensive (loss)/income for the year, net of tax</b>		<u>(7,285)</u>	11,369
<b>Total comprehensive income/(loss) for the year</b>		<u><b>1,193,518</b></u>	<u>(139,033)</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME** *(Continued)*

*For the year ended 31 December 2023*

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Profit/(loss) for the year attributable to:</b>			
Owners of the Company		<b>1,200,803</b>	(150,133)
Non-controlling interests		<u>–</u>	<u>(269)</u>
		<b><u>1,200,803</u></b>	<b><u>(150,402)</u></b>
<b>Total comprehensive income/(loss) for the year attributable to:</b>			
Owners of the Company		<b>1,191,335</b>	(138,035)
Non-controlling interests		<u>2,183</u>	<u>(998)</u>
		<b><u>1,193,518</u></b>	<b><u>(139,033)</u></b>
<b>Earnings/(loss) per share</b>			
Basic (HK dollar)	<i>11</i>	<u><b>0.66</b></u>	<u>(0.44)</u>
Diluted (HK dollar)		<u><b>N/A</b></u>	<u>N/A</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	<i>Note</i>	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>9,683</b>	19,121
Right-of-use assets		<b>13,320</b>	505
Goodwill		–	–
Intangible assets		<b>9,207</b>	22,434
Interest in an associate		–	–
Deferred tax assets		–	5,780
Financial assets at fair value through profit or loss (“FVTPL”)	<i>12</i>	–	12,255
		<b>32,210</b>	60,095
<b>Current assets</b>			
Inventories		<b>1,920</b>	14,887
Trade receivables	<i>13</i>	<b>5,357</b>	68,591
Loan receivable	<i>14</i>	–	–
Prepayments, deposits and other receivables		<b>85,289</b>	48,463
Restricted bank balances		–	59
Cash and bank balances		<b>3,522</b>	4,060
		<b>96,088</b>	136,060

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION** *(Continued)**At 31 December 2023*

	<i>Note</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Current liabilities</b>			
Trade payables	15	<b>2,960</b>	57,621
Other payables and accruals		<b>136,721</b>	647,535
Bank and other borrowings		<b>14,120</b>	846,873
Lease liabilities		<b>4,652</b>	785
Financial guarantee	16	–	36,000
Tax payable		<b>1,831</b>	3,758
		<u><b>160,284</b></u>	<u>1,592,572</u>
<b>Net current liabilities</b>		<u><b>(64,196)</b></u>	<u>(1,456,512)</u>
<b>Total assets less current liabilities</b>		<u><b>(31,986)</b></u>	<u>(1,396,417)</u>
<b>Non-current liabilities</b>			
Lease liabilities		<b>8,849</b>	209
Deferred tax liabilities		<b>876</b>	6,226
		<u><b>9,725</b></u>	<u>6,435</u>
<b>NET LIABILITIES</b>		<u><b>(41,711)</b></u>	<u>(1,402,852)</u>
<b>Capital and reserves</b>			
Equity attributable to owners of the Company			
Share capital	17	<b>34,273</b>	68,515
Reserves		<b>(75,984)</b>	(1,462,535)
		<u><b>(41,711)</b></u>	<u>(1,394,020)</u>
Non-controlling interests		–	(8,832)
<b>CAPITAL DEFICIENCY</b>		<u><b>(41,711)</b></u>	<u>(1,402,852)</u>

## NOTES

### 1. CORPORATE INFORMATION

#### (i) General information

China Wood International Holding Co., Limited (the “**Company**”) was incorporated in the Cayman Islands with limited liability. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. During the reporting period, the Company’s principal place of business in Hong Kong has changed from Room 1601, 16/F, Sun House, 90 Connaught Road Central, Hong Kong to 11th Floor, Tower 2, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong with effect from 16 August 2023. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company is an investment holding company and the Group is principally engaged in (i) 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; and (ii) car rental business in the People’s Republic of China (“**PRC**”).

As at 31 December 2023, the directors of the Company are of the opinion that Right Momentum Group Limited (“**Right Momentum**”), a company incorporated in the British Virgin Islands (“**BVI**”), is the immediate and ultimate holding company of the Company; Mr. Lyu NingJiang, the shareholder of Right Momentum, is the ultimate controlling party of the Company.

#### (ii) Appointment of the Joint Provisional Liquidators for restructuring purpose in the Cayman Islands

Having explored different options to restructure the debts of the Company, the Board decided to implement a management led restructuring under a court-supervised provisional liquidation regime pursuant to the laws of the Cayman Islands, commonly known as a “light touch” provisional liquidation, which provides a statutory moratorium prohibiting the commencement or continuance of any proceedings against the Company without the leave of the Grand Court of the Cayman Islands (the “**Cayman Court**”) in the Cayman Islands.

Accordingly, in order to facilitate the Company’s financial restructuring, a winding up petition together with an application for the appointment (the “**JPL Application**”) of joint and several provisional liquidators (the “**JPLs**”) of the Company (for restructuring purposes) on a light touch approach for restructuring purposes was presented and filed with the Cayman Court by the Company.

The JPL Application was heard before the Cayman Court on 2 February 2021 (Cayman Islands time). The Cayman Court made the orders as sought by the Company under the JPL Application, inter alia, Osman Mohammed Arab and Lai Wing Lun of RSM Corporate Advisory (Hong Kong) Limited, and Martin Nicholas John Trott of R&H Restructuring (Cayman) Ltd., were appointed as JPLs of the Company on a light touch approach for restructuring purpose. Please refer to the announcements of the Company dated 2 February 2021 and 5 February 2021 for details.

On 28 January 2022, the Company's solicitors has taken out an ex-parte originating summons with the High Court of the Hong Kong Special Administrative Region (the "**Hong Kong Court**") for the hearing on 8 February 2022 of an application by the Company for an order to convene a meeting of the creditors (the "**Scheme Meeting**") of the Company to consider and, if thought fit, approve, with or without modification, a scheme of arrangement (the "**Scheme**") proposed by the Company, pursuant to section 670 of the Hong Kong Companies Ordinance (Cap. 622). By an order of the Hong Kong Court, the Scheme Meeting was convened on 11 March 2022.

**(iii) Capital Reorganisation, the Investor's Subscription and the Scheme**

On 16 February 2022 (after trading hours), the Company, the JPLs, the Investor and Mr. Lyu have entered into the conditional Restructuring Agreement, pursuant to which the Company will carry out the Restructuring Transactions involving (i) the Capital Reorganisation; (ii) the Investor's Subscription; and (iii) the Scheme. Please refer to the announcement of the Company dated 10 March 2022 for details of the Restructuring Agreement and the Restructuring Transactions.

At the Scheme Meeting convened and held on 11 March 2022, the Scheme was approved by the requisite statutory majorities of the creditors. On 22 March 2022, the Company's solicitors received a letter from the Hong Kong Court informing that Mr. Justice Harris will make an order to sanction the Scheme without modification. The sealed sanction order was delivered to the Registrar of Companies in Hong Kong on 26 April 2022.

As announced by the Company on 10 March 2022 in relation to the Restructuring Transactions and the Whitewash Waiver dated 5 August 2022, a Funding Agreement dated 31 December 2020 was entered into between the Company as the borrower and the Investor as the lender to provide the funding for the Company to continue and further develop its business. On 17 October 2022, the Funding Agreement, the terms and funding already provided and to be provided thereunder, have been sanctioned by the Cayman Court.

All the proposed resolutions in relation to the Capital Reorganisation, the Investor's Subscription, the Scheme, and the Whitewash Waiver were duly passed by the Shareholders or the Independent Shareholders (as the case may be) at the extraordinary general meeting held on 30 August 2022, and the Executive Director of the Corporate Department of SFC has granted the Whitewash Waiver on 22 August 2022 subject to, among other matters, no acquisition or disposal of voting rights being made by the Investor and its concert parties between the date of the announcement of the Investor's Subscription and the completion of the Investor's Subscription. Please refer to the circular of the Company dated 5 August 2022 and the announcement of the Company dated 30 August 2022 for details.

The Company announced on 16 May 2023 that with all the conditions precedent for the Capital Reorganisation having been fulfilled (including (a) granting of the order from the Cayman Court confirming the Capital Reduction dated 14 April 2023; (b) due registration of the copy of the order of the Cayman Court and the minute approved by the Cayman Court by the Registrar of Companies in the Cayman Islands dated 1 May 2023; and (c) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the New Shares dated 16 May 2023), the Capital Reorganisation became effective on 17 May 2023.

Immediately following the effective implementation of the Capital Reorganisation, the authorised share capital of the Company of HK\$200,000,000 was divided into 20,000,000,000 New Shares of HK\$0.01 each and the issued and fully paid-up capital of the Company is HK\$3,425,728.57 divided into 342,572,857 New Shares of HK\$0.01 each.

Pursuant to the terms of the Restructuring Agreement in relation to the Investor's Subscription, the Investor conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, 2,260,980,856 New Shares at the issue price of HK\$0.044 per New Share.

With all the conditions precedent for the Investor's Subscription having fulfilled (including: (a) the Capital Reorganisation having become effective; (b) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Investor's Subscription Shares dated 16 May 2023; and (c) the Scheme having become unconditional (see below)), the Investor's Subscription has become unconditional.

The Scheme is legally binding on the Company and its Creditors and it involves: (i) the Cash Bonus; (ii) the Scheme Shares Issue; and (iii) the Disposal.

With all the conditions precedent for the Scheme having fulfilled (including: (a) the Capital Reorganisation having become effective; (b) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Scheme Shares dated 16 May 2023; and (c) the Investor's Subscription having become unconditional (see above)), the Scheme has become unconditional.

(i) *Cash Bonus*

Under the Scheme and subject to the terms thereof, HK\$50 million of the total proceeds from the Investor's Subscription was utilised for distribution to the Creditors with Admitted Claims on a pro-rata basis for their Admitted Claim.

(ii) *Scheme Shares Issue*

Under the Scheme, the Company allotted and issued the Scheme Shares to the Creditors to compromise, discharge and/or settle the debts owing by the Company to the Creditors in full. After the adjudication for the Admitted Claims was completed, the Company allotted and issued, 823,739,687 New Shares where the Creditors would receive 1 New Share for every HK\$1.80 in the amount of the Admitted Claims due to them by the Company for settlement of the debts of the Creditors in accordance with the terms of the Scheme, and upon which all the debts of the Creditors were discharged and extinguished and the Creditors were not allowed to make any claim against the Company in respect of their debts.

(iii) *Disposal*

Under the Scheme, the Excluded Companies of the Group were disposed of to the Scheme Company. As a result, all the account receivables and the debts of the Group at the level of the Excluded Companies will be handled by the Scheme Administrator(s) who should recover the Transferred Claims and realise the assets of the Excluded Companies for the benefit of the Creditors subject to the Excluded Companies' own liabilities, or dispose of the Excluded Companies for the benefit of the Creditors.

The Company announced on 16 June 2023 that based on the projection by the Board, the Company would become solvent upon completion of the Capital Reorganisation, the Investor's Subscription and the Scheme. In light of the above, the Company no longer faces an imminent liquidity risk. Therefore, given the successful debt restructuring, it is no longer necessary for the Company to remain in provisional liquidation (with the Petition pending) and for the JPLs to remain in their office. Accordingly, the Company, with the support of the JPLs, made an application to the Cayman Court for withdrawal of the Petition and discharge of the appointment of the JPLs. On 14 June 2023 (Cayman Islands time), the Cayman Court granted an order to approve the application and the JPLs have therefore been discharged and the Company exited the provisional liquidation (for restructuring purposes) on the same date.

The Company announced on 11 July 2023 that (i) pursuant to the Restructuring Agreement, completion of the Investor's Subscription took place on 11 July 2023, pursuant to which 2,260,980,856 New Shares have been allotted and issued to the Investor at the issue price of HK\$0.044 per New Share; and (ii) pursuant to the Scheme, 823,739,687 New Shares have been allotted and issued to China Wood Scheme Limited holding for and on behalf of the Creditors, credited as fully paid, for further distribution to the Creditors on the basis of 1 New Share for every HK\$1.80 in the amount of Admitted Claims from the Creditors in accordance with the terms of the Scheme.

## 2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Material accounting policy information adopted by the Group are disclosed below.

The HKICPA has issued certain new/revised and amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

### Going concern assumption

As at 31 December 2023, the Group had net current liabilities and net liabilities of approximately HK\$64,196,000 and HK\$41,711,000 respectively. The bank and other borrowings, and provision of claim of the Group amounted to approximately HK\$14,120,000 and HK\$49,933,000 respectively, as of 31 December 2023. Furthermore, the Group's total cash and bank balances remained at a relatively low level of approximately HK\$3,522,000 as of 31 December 2023.

To mitigate the Group's liquidity pressure and improve its cashflows, management has implemented or will adopt certain plans and measures as follows: (i) the Group will continue to take proactive measures to improve operating cash flow by controlling administrative costs and containing capital expenditure; and (ii) the ultimate controlling party agreed to provide financial support to finance the Group's working capital requirements.

Management has prepared cash flow projections that cover a period of not less than twelve months from 31 December 2023. The directors are of the opinion that, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2023. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements, to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

### 3. ADOPTION OF NEW AND/OR REVISED HKFRSs

#### (a) Application of new and/or revised HKFRSs

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules – Amendments to HKAS 12
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

The application of the new/revised and amendments to HKFRSs in the current year has had no material impact on the Group's consolidated financial position and performance for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

The Group did not change its accounting policies or make retrospective adjustments as a result of adopting the abovementioned amendments.

**(b) Amendments to HKFRSs in issue but not yet effective**

The Group has not early applied new standards, amendments to standards and interpretation that have been issued but are not yet effective for the financial year beginning on 1 January 2023. These new standards, amendments to standards and interpretation include the following which may be relevant to the Group.

	<b>Effective for accounting periods beginning on or after</b>
HKAS 1 – Classification of Liabilities as Current or Non-current	1 January 2024
HKAS 1 – Non-current Liabilities with Covenants	1 January 2024
HKFRS 16 – Lease Liability in a Sale and Leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a repayment on Demand Clause	1 January 2024
Amendments to HKAS 7 and HKFRS 7 – Supplier Finance Arrangements	1 January 2024
Amendments to HKAS 21 – Lack of Exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28 – Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

**(c) Impact on application of Amendments to HKAS 1 “Disclosure of Accounting Policies” and HKFRS Practice Statement 2 “Making Materiality Judgements”**

The Group has adopted Amendments to HKAS 1 “Disclosure of Accounting Policies” and HKFRS Practice Statement 2 “Making Materiality Judgements” for the first time in the current year. HKAS 1 “Presentation of Financial Statements” is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose consolidated financial statements make on the basis of those consolidated financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 “Making Materiality Judgements” (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s material accounting policy information.

#### **4. SEGMENT INFORMATION**

The Group has four operating segments as follows:

1. Car rental segment – primarily engages in the provision of car rental services;
2. Wood-related business segment – primarily engages in the processing and distribution of furniture wood, and the manufacturing and sales of antique-style wood furniture and other wooden products;
3. Financing services and investments segment – primarily engages in money lending business through the provision of loans and financial investment holding; and
4. Others segment – engages in provision of other services, such as public relations.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment results, which exclude unallocated interest income, unallocated other income and gains, unallocated depreciation, unallocated finance costs, gain on the Scheme as well as corporate and other unallocated expenses.

Segment assets exclude certain financial assets at FVTPL, other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude bank and other borrowings, tax payables and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Segment liabilities exclude tax payable and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

	Car rental		Wood-related business		Financing services and investments		Others		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment revenue:</b>										
Sales of goods	-	-	312,085	133,049	-	-	-	-	312,085	133,049
Car rental income	11,326	11,901	-	-	-	-	-	-	11,326	11,901
Service income	-	-	-	-	-	-	-	428	-	428
Revenue	<u>11,326</u>	<u>11,901</u>	<u>312,085</u>	<u>133,049</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>428</u>	<u>323,411</u>	<u>145,378</u>
<b>Segment results</b>	<b>(13,262)</b>	<b>(1,318)</b>	<b>18,627</b>	<b>17,459</b>	<b>-</b>	<b>1,038</b>	<b>(4,651)</b>	<b>(9,946)</b>	<b>714</b>	<b>7,233</b>
Reconciliations:										
Unallocated interest income									-	19
Unallocated depreciation on property, plant and equipment									(8)	(32)
Unallocated allowances for ECLs on other receivables									(755)	(35,578)
Unallocated provision for financial guarantee									-	(1,000)
Corporate and other unallocated expenses									(8,410)	(12,778)
Corporate and other unallocated income									1,273,377	-
Unallocated finance costs									(63,747)	(104,353)
Profit/(loss) before tax									<u>1,201,171</u>	<u>(146,489)</u>
<b>Segment assets</b>	<b>25,120</b>	<b>46,275</b>	<b>92,933</b>	<b>96,508</b>	<b>515</b>	<b>12,770</b>	<b>3</b>	<b>87</b>	<b>118,571</b>	<b>155,640</b>
Reconciliations:										
Corporate and other unallocated assets									9,727	40,515
Total assets									<u>128,298</u>	<u>196,155</u>
<b>Segment liabilities</b>	<b>85,783</b>	<b>104,069</b>	<b>30,182</b>	<b>188,869</b>	<b>-</b>	<b>40,950</b>	<b>709</b>	<b>2,509</b>	<b>116,674</b>	<b>336,397</b>
Reconciliations:										
Corporate and other unallocated liabilities									53,335	1,262,610
Total liabilities									<u>170,009</u>	<u>1,599,007</u>
<b>Other segment information:</b>										
Finance costs	441	127	150	-	-	-	4,418	9,258	5,009	9,385
Depreciation on property, plant and equipment	9,266	8,869	56	-	-	-	-	-	9,322	8,869
Depreciation on right-of-use assets	410	939	991	-	-	-	-	-	1,401	939
Capital expenditure	611	11,044	6	193	-	-	-	-	617	11,044

	The PRC		Hong Kong		Total	
	2023	2022	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from external customers	<u>300,940</u>	<u>145,378</u>	<u>22,471</u>	<u>–</u>	<u>323,411</u>	<u>145,378</u>
Non-current assets	<u>32,196</u>	<u>60,072</u>	<u>14</u>	<u>23</u>	<u>32,210</u>	<u>60,095</u>
Non-current assets (excluding financial instruments and deferred tax assets)	<u>32,196</u>	<u>42,037</u>	<u>14</u>	<u>23</u>	<u>32,210</u>	<u>42,060</u>

### Revenue from major customers

Revenues from customers of corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Wood-related business</b>		
Customer A	N/A	16,776
Customer B	<u>N/A</u>	<u>23,667</u>

## 5. REVENUE

Disaggregation of revenue from contract with customers by major products or service line for the year is as follows:

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Revenue</b>		
Contracts with customers within the scope of HKFRS 15:		
Sales of goods	<b>312,085</b>	133,049
Service income	<u>–</u>	<u>428</u>
	<b>312,085</b>	133,477
Other sources:		
Car rental income	<u><b>11,326</b></u>	<u>11,901</u>
	<u><b>323,411</b></u>	<u>145,378</u>

The Group derives revenue from the transfer of goods and services at a point in time and over time in the following major product line and geographical regions:

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Time of revenue recognition:		
At a point in time	<b>312,085</b>	133,049
Over time	<u>–</u>	<u>428</u>
	<u><b>312,085</b></u>	<u>133,477</u>
Geographical market:		
The PRC	<u><b>312,085</b></u>	<u>133,477</u>

## 6. OTHER INCOME, GAINS AND (LOSSES), NET

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Other income</b>		
Bank interest income	18	19
Government grants ( <i>note i</i> )	–	65
Others ( <i>note ii</i> )	135	3,925
	<u>153</u>	<u>4,009</u>
<b>Gains and (losses), net</b>		
Gain/(loss) on disposal of property, plant and equipment, net	60	(1,822)
Fair value gain on financial assets at FVTPL	–	975
Loss on termination of leases, net	–	(23)
	<u>60</u>	<u>(870)</u>
	<u>213</u>	<u>3,139</u>

### *Notes:*

- (i) The government grants for the year ended 31 December 2022 represented the grant in relation to the Employment Support Scheme which the Group complied with all attached conditions and accordingly such grants were recognised as other income during the year ended 31 December 2022. No government grants recognised during the year ended 31 December 2023.
- (ii) Other income mainly included gross margin on metal trading of approximately HK\$Nil (2022: HK\$3,100,000) which represents revenue from contracts with customers within the scope of HKFRS 15 and forfeiture of car rental receipts on early termination of contracts by client of approximately HK\$Nil (2022: HK\$716,000).

## 7. GAIN ON THE SCHEME

The Scheme was approved by the requisite statutory majorities of the creditors at the Scheme Meeting held on 11 March 2022. The Scheme was also sanctioned by the High Court of Hong Kong on 22 March 2022. Since then, the Scheme became effective on 11 July 2023.

As a result of the Cash Bonus, Scheme Shares Issue, and the Disposal involved in the Scheme, a gain on the Scheme of approximately HK\$1,273,377,000 was recognised during the year ended 31 December 2023, being calculated as follows:

	<i>HK\$'000</i>
<b>Assets transferred pursuant to the Scheme:</b>	
Deferred tax assets	(5,371)
Property, plant and equipment	(21)
Financial assets at FVTPL	(11,938)
Prepayments, deposits and other receivables	(420)
Restricted bank balances	(56)
Cash and bank balances	(166)
	<u>(17,972)</u>
<b>Debts discharged pursuant to the Scheme:</b>	
Other payables and accruals	600,930
Bank and other borrowings	769,542
Financial guarantee	36,000
	<u>1,406,472</u>
<b>Release of reserves:</b>	
Non-controlling interests	(6,648)
Foreign currency translation reserve	7,610
	<u>962</u>
<b>Relevant expenses:</b>	
Restructuring costs and other expenses	(6,776)
<b>Satisfied by:</b>	
Cash Bonus paid	(50,000)
Scheme Shares issued	(59,309)
	<u>(109,309)</u>
Total consideration	<u>(109,309)</u>
Gain on the Scheme	<u><u>1,273,377</u></u>

## 8. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interests on lease liabilities	169	136
Interests on bank and other borrowings	68,435	113,184
Bank charges	152	418
	<u>68,756</u>	<u>113,738</u>

## 9. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting) the followings:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Cost of sales and services rendered	284,639	121,266
Depreciation on property, plant and equipment ( <i>note a</i> )	9,330	8,901
Depreciation on right-of-use assets ( <i>note a</i> )	1,401	939
Auditor's remuneration		
– audit services	1,300	1,050
– non-audit services	250	210
Employee benefit expenses (including directors' emoluments):		
Wages, salaries, allowances, bonuses and benefits in kind	7,302	6,451
Pension scheme contributions ( <i>note b</i> )	635	466
	<u>7,937</u>	<u>6,917</u>
Exchange gains, net	(296)	(21)
Fair value gain on financial assets at FVTPL ( <i>note c</i> )	–	(975)
Allowances for ECLs on trade and other receivables	2,268	35,578
Provision for financial guarantee	–	1,000
(Gain)/loss on disposal of property, plant and equipment, net ( <i>note c</i> )	(60)	1,822
Impairment loss on intangible assets and right-of-use assets ( <i>note d</i> )	12,747	–
Loss on termination of leases, net ( <i>note c</i> )	–	23
	<u>–</u>	<u>23</u>

*Notes:*

- (a) Depreciation on property, plant and equipment, and right-of-use assets of approximately HK\$8,559,000 (2022: HK\$8,320,000), and HK\$344,000 (2022: HK\$875,000) respectively are included in the cost of sales and services rendered.
- (b) As at 31 December 2023 and 2022, the Group had no forfeited contributions available to reduce its contributions to its pension schemes in future years.
- (c) The amount is included in other income, gains and (losses), net.
- (d) The amount is included in other expenses.

**10. INCOME TAX EXPENSE**

	<b>2023</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Current – PRC Enterprise Income Tax		
Charge for the year	<b>5,105</b>	3,510
(Reversal)/provision for deferred tax	<u>(4,737)</u>	<u>403</u>
Income tax expense	<b><u>368</u></b>	<b><u>3,913</u></b>

No provision for Hong Kong Profits Tax has made in the consolidated financial statements since the Group's Hong Kong entities have no assessable profit during the years ended 31 December 2023 and 2022.

PRC Enterprise Income Tax has been provided at a rate of 25% based on the assessable profit in accordance with the tax rules and regulations in the PRC (2022: 25%).

## 11. EARNINGS/(LOSS) PER SHARE

### (a) Basic earnings/(loss) per share

The calculation of the basic earnings/(loss) per share is based on the profit/(loss) for the year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year.

The calculation of basic earnings/(loss) per share is based on:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Profit/(loss)</b>		
Profit/(loss) attributable to owners of the Company for the purpose of calculating basic earnings/(loss) per share	<u>1,200,803</u>	<u>(150,133)</u>
	<b>Number of shares</b>	
	2023	2022
<b>Number of shares</b>		
Weighted average number of ordinary shares in issue during the year for the purpose of calculating basic earnings/(loss) per share	<u>1,813,097,170</u>	<u>342,572,857</u>

### (b) Diluted earnings/(loss) per share

No diluted earnings/(loss) per share has been presented as there were no potential dilutive shares outstanding for the years ended 31 December 2023 and 2022.

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Non-current financial assets designated at FVTPL</b>		
<b>Unlisted equity investments</b>		
Zhongxin (Heilongjiang) Internet Microfinance Co., Ltd.* ( <i>note i</i> )	–	–
Zuoshishi Technology Service (Beijing) Company Limited* ( <i>note ii</i> )	–	11,225
Spring Power Holdings Limited ( <i>note iii</i> )	–	1,030
	<hr/>	<hr/>
	–	12,255
	<hr/>	<hr/>

\* *For identification purposes only*

*Notes:*

- (i) As at 11 July 2023, the Group deconsolidated this investment as part of the disposal of Excluded Companies. As at 31 December 2022, the Group has 2% of the issued share capital of the unlisted company incorporated in the PRC, principally engaged in internet microfinance business.

The management engaged an independent qualified professional valuer to determine the fair value of this investment by applying the asset-based approach as at 31 December 2022. Under the asset-based approach, the fair value of this investment refers to the fair values of various assets and liabilities on the statement of financial position of the investment as at the valuation date with reference to publicly available information of comparable companies.

- (ii) As at 11 July 2023, the Group deconsolidated this investment as part of the disposal of Excluded Companies. As at 31 December 2022, the Group had 11% of the issued share capital of the unlisted company incorporated in the PRC, principally engaged in the innovation service for start-up technology companies and related investment activities.

The management engaged an independent qualified professional valuer to determine the fair value of this investment by applying the income approach as at 31 December 2022. The income approach measures the value of this investment by the present value of its future economic benefits.

- (iii) As at 11 July 2023, the Group deconsolidated this investment as part of the disposal of Excluded Companies. As at 31 December 2022, the Group had 2.9% of the issued share capital of the unlisted company incorporated in the BVI. The investee is an investment holding company, with a major subsidiary, Hanson Robotics Limited, engaged in development and manufacture of humanlike robots.

The management engaged an independent qualified professional valuer to determine the fair value of this investment as at 31 December 2022. The valuer adopted the market approach to determine the valuation parameters derived from market prices and financial data of listed companies in a similar business and with a similar business model as that of the company being valued for the equity interest in this unlisted company.

- (iv) The fair values of these unlisted equity investments were measured using valuation technique with significant unobservable inputs and hence were classified as Level 3 of the fair value hierarchy.

### 13. TRADE RECEIVABLES

	<b>2023</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Trade receivables	<b>7,889</b>	902,363
Less: Allowance for ECLs	<b>(2,532)</b>	(833,772)
	<b><u>5,357</u></b>	<u>68,591</u>

The Group's trading terms with its customers are mainly on credit with credit period generally ranging from 30 to 90 days, or could be longer under certain circumstances. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

The Group generally does not hold any collateral or other credit enhancements over its trade receivable balances.

As at 31 December 2022, certain of the Group's other borrowings were secured by the Group's pledged trade receivables of gross amount approximately HK\$600,639,000. Upon the Scheme becoming effective on 11 July 2023, the pledge was released pursuant to the Scheme.

The ageing analysis of trade receivables based on the invoice date, and net of allowance for ECLs, is as follows:

	<b>2023</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Within 90 days	<b>3,705</b>	68,591
Over 91 days within 1 year	<b>1,652</b>	–
	<b><u>5,357</u></b>	<u>68,591</u>

The carrying amounts of the Group's trade receivables are denominated in RMB.

#### 14. LOAN RECEIVABLE

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loan receivable	–	15,629
Less: Allowance for ECLs	–	(15,629)
	<u>–</u>	<u>–</u>

The loan receivable was made to an independent borrower and was secured by (i) the pledge of an aircraft leased to the borrower by a company wholly owned by the borrower's sole director; and (ii) 49% issued share capital of the borrower. The loan receivable, bears interest at 15% per annum and is repayable with a maturity period of 18 months from the date of agreement, was due on 21 March 2019. The borrower has defaulted in repayment on due date of 21 March 2019.

As at 31 December 2022, the allowance for ECLs in respect of the loan receivable was HK\$15,629,000.

As at 11 July 2023, the loan receivable and allowance for ECLs were deconsolidated as part of disposal of Excluded Companies.

#### 15. TRADE PAYABLES

The ageing analysis of trade payables based on the invoice date is as follows:

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	14	4,236
31 to 60 days	426	5,345
61 to 180 days	168	5,743
181 to 365 days	2,273	42,202
Over 365 days	79	95
	<u>2,960</u>	<u>57,621</u>

The trade payables are non-interest-bearing and are normally settled on 30 to 90 days after the month-end statement.

#### 16. FINANCIAL GUARANTEE

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Fair value of financial guarantee	–	36,000

As at 31 December 2022, the Group provided a corporate guarantee in favour of an independent third party in respect of a loan facility granted to an associate of the Group up to an aggregate amount of approximately HK\$204,960,000, of which approximately HK\$36,166,000 were utilised.

As at 31 December 2023, the financial guarantee was deconsolidated as part of the disposal of Excluded Companies.

## 17. SHARE CAPITAL

	2023		2022	
	Number of shares	Amount (HK\$'000)	Number of shares	Amount (HK\$'000)
Ordinary shares of HK\$0.01 (2022: HK\$0.20) each				
<b>Authorised:</b>				
At beginning of the year	1,000,000,000	200,000	1,000,000,000	200,000
Capital Reduction (Note a)	<u>-</u>	<u>(190,000)</u>	<u>-</u>	<u>-</u>
	1,000,000,000	10,000	1,000,000,000	200,000
Increase in authorised share capital (Note a)	<u>19,000,000,000</u>	<u>190,000</u>	<u>-</u>	<u>-</u>
<b>At end of the year</b>	<u>20,000,000,000</u>	<u>200,000</u>	<u>1,000,000,000</u>	<u>200,000</u>
<b>Issued and fully paid:</b>				
At beginning of the year	342,572,857	68,515	342,572,857	68,515
Capital Reduction (Note a)	<u>-</u>	<u>(65,089)</u>	<u>-</u>	<u>-</u>
	<u>342,572,857</u>	<u>3,426</u>	<u>-</u>	<u>-</u>
Investor's Subscription (Note b)	2,260,980,856	22,610	-	-
Scheme Shares Issue (Note c)	<u>823,739,687</u>	<u>8,237</u>	<u>-</u>	<u>-</u>
<b>At end of the year</b>	<u>3,427,293,400</u>	<u>34,273</u>	<u>342,572,857</u>	<u>68,515</u>

### Notes:

- (a) As set out in the circular of the Company dated 5 August 2022, the Board proposed the Capital Reorganisation to reorganise the share capital of the Company in the following manner: (i) Share Premium Cancellation: the entire amount in the sum of approximately HK\$1,059.7 million standing to the credit of the share premium account of the Company would be cancelled to set off against part of the total accumulated losses of the Company of approximately HK\$2,388.1 million as at 31 December 2021; (ii) Capital Reduction: the issued share capital of the Company be reduced by cancelling the paid-up capital of the Company to the extent of HK\$0.19 on each of the then issued Shares such that the par value of each issued Share would be reduced from HK\$0.20 to HK\$0.01 (each a "New Share") and the total credit of HK\$65.1 million arising therefrom would be applied to further set off the accumulated losses of the Company of approximately HK\$2,388.1 million as at 31 December 2021; and (iii) Unissued Share Capital Cancellation: immediately following the Capital Reduction, the existing unissued share capital of the Company of HK\$131,485,428.6 would, after the completion of the Capital Reduction, be cancelled in its entirety. Forthwith upon the Unissued Share Capital Cancellation becoming effective, the authorised share capital of the Company would be increased to HK\$200,000,000 by the creation of such number of additional New Shares as should be sufficient to increase the authorised share capital of the Company to HK\$200,000,000 divided into 20,000,000,000 New Shares.

The Capital Reorganisation took effect on 17 May 2023 following: (i) the passing of the necessary resolutions by the shareholders of the Company to approve the Capital Reorganisation at an extraordinary meeting on 30 August 2022; (ii) the Grand Court confirming the Capital Reduction on 14 April 2023 ; (iii) registration by the Registrar of Companies in the Cayman Islands on 1 May 2023 of a copy of the order of the Grand Court confirming the Capital Reduction and the minute approved by the Grand Court containing the particulars required under the Companies Act of the Cayman Islands with respect to the Capital Reduction; and (iv) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the New Shares in issue following the Capital Reorganisation taking effect on 16 May 2023.

- (b) According to the Restructuring Agreement, completion of the Investor's Subscription took place on 11 July 2023, under which 2,260,980,856 New Shares have been allotted and issued to the Investor at the issue price of HK\$0.044 per New Share.
- (c) According to the Scheme, 823,739,687 New Shares have been allotted and issued to China Wood Scheme Limited holding for and on behalf of the Creditors, credited as fully paid, which would be further distributed to the Creditors on the basis of 1 New Share for every HK\$1.80 in the amount of Admitted Claims from the Creditors in accordance with the terms of the Scheme.

The fair value of each New Share issued under the Scheme has been determined at HK\$0.072 per New Share, with reference to the open market price at the date when the debts were discharged pursuant to the Scheme.

The Group's objective when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Company reviews the capital structure frequently by considering the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts, redemption of existing debts or selling assets to reduce debts.

The Company has the following externally imposed capital requirements: (a) to maintain listing of shares of the Company on the Stock Exchange, the Company is required to have a public float of at least 25% of its total issued share capital; (b) to meet financial covenants attached to interest-bearing borrowings.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

During the year of 2023 (the “Year”), China’s economy gradually stabilized and rebounded, with a 5.2% year-on-year growth in gross domestic production recorded. Since the beginning of the year, pent-up consumer demand has been gradually released in many parts of China. Notwithstanding this, the property sector in China is still struggling to emerge from the credit crisis after the 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. According to the National Bureau of Statistics in China, new housing starts has continued to decline throughout the Year. As a result, the business environment in which the Group operates remains to be challenging and tough during the Year, and exert downward pressure on profit margin.

#### Wood-related Business

During the Year, the Company has exerted considerable efforts in further developing its core wood-related business, including wood management, distribution and processing of wood and timber products by expanding its business to the downstream of the supply chain into antique-style wood furniture manufacturing, processing, and sales, for which the products are primarily made of red mahogany wood and yellow sandalwood.

With the continuous efforts of the Company and the valuable expertise and extensive business connections brought to the Group by Mr. Lyu, the revenue generated from the wood-related business has increased substantially from approximately HK\$133.0 million in 2022 to approximately HK\$312.1 million in the Year.

#### *Processing and distribution of furniture wood*

Since late 2020, the Group has established various subsidiaries to develop the Group’s core wood-related business, which is principally engaged in the provision of comprehensive supply chain management services and the processing and distribution of a variety of furniture woods, which mainly comprise of red mahogany wood, sandalwood, rosewood, pine wood, and fir wood, sourced in the PRC and overseas.

The Group’s revenue generated from the processing and distribution of furniture wood for the Year amounted to approximately HK\$274.1 million (2022: approximately HK\$120.4 million).

### *Manufacturing and sales of antique-style wood furniture and other wooden products*

In addition to the processing and distribution of furniture wood business, the Group has further tapped into the downstream sector of the wood-related business, being the manufacturing and sales of antique-style wood furniture and other wooden products in 2022. The antique-style wood furniture is mostly made of red mahogany wood as raw material, which is professionally designed by the in-house product design and development department of the Group. Such wood furniture is considered to be high-end with artistic value, which is primarily treated as decorative arts with practical functions. As such, both general consumers and art collectors in the market are attracted to the Group's antique-style wood furniture. Besides, the Group also designs common indoor wood products made of less expensive wood materials, which offer affordable pricing to the general consumers and enable the Group to expand and diversify its customer base.

The Group's revenue generated from the manufacturing and sales of antique-style wood furniture and other wooden products amounted to approximately HK\$38.0 million for the Year (2022: approximately HK\$12.6 million).

### **Car Rental Business**

The Car Rental Business has been one of the core businesses of the Group since 2014. Beijing Tu An Car Rental Services Limited\* (北京途安汽車租賃有限責任公司) (“**Beijing Tu An**”), an indirect wholly-owned subsidiary of the Company, has been responsible for operating the Group's car rental services business in the PRC.

The normal rental terms of Beijing Tu An's car fleet with its customers ranges from three months to two years or longer. Premium customers of Beijing Tu An would specify the brand and model of the rented car and Beijing Tu An would acquire the rented car according to premium customers' requirements. By the end of the contractual term, Beijing Tu An will retain the right to dispose of the used car and keep the proceed, as income. The rental charged by Beijing Tu An to its customers is made with reference to current rental rates for each particular car models and adjusted according to the then prevailing market condition.

In 2021, Beijing Tu An has entered into a vehicles rental agreement in Beijing with 北京德潤豐汽車租賃有限公司 (“**Beijing DeRunFeng**”), a company founded and owned by the non-executive director of the Company, Mr. Hu YongGang, for the supply of its existing car fleet to Beijing Tu An to further develop its business.

For the Year, the car rental business segment of the Group recorded a revenue of approximately HK\$11.3 million (2022: approximately HK\$11.9 million).

\* For identification purpose only

## **FUTURE OUTLOOK**

Since 2020, the Group has been continuously developing its core wood-related business, which included the processing and distribution of furniture wood business, and manufacturing and sales of antique style wood furniture and other wooden products. The Group has accumulated its experience and expertise in the wood-related business, and will continue to develop and expand its operations in the foreseeable future.

The Group will continue to explore potential opportunities for strategic cooperation with market players, in the mid-stream to downstream of the industry value chain, such as real estate developers, high-end furniture brand retailers, logistics management services providers, as well as management expertise to further expand the Group's wood-related business.

On the other hand, according to analyses by authorities such as the International Monetary Fund, facing cyclical and structural adjustment pressures, housing investment in the PRC is poised to fall further and likely remain subdued in the medium term, this, in turn, will reduce the potential market size of our wood-related business. 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 is actively assessing the viability of business diversification.

One of the various business opportunities the Group is actively studying is the functional food and beverage industry 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.

In this regard, the Group is contemplating to conduct fundraising exercise(s) to finance such business opportunities. 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 is also actively considering discontinuing the Car Rental Business to release precious financial resources and management time in more promising business areas like the functional food and beverage business in the PRC as stated above.

As at the date hereof, no decision and no definitive agreement has been reached in relation to such business opportunities and the potential fundraising exercise and therefore, such business opportunities and the potential fundraising exercise may or may not materialise. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

## FINANCIAL RESTRUCTURING

### **Appointment of the Joint Provisional Liquidators for restructuring purpose in the Cayman Islands**

Having explored different options to restructure the debts of the Company, the Board decided to implement a management led restructuring under a court-supervised provisional liquidation regime pursuant to the laws of the Cayman Islands, commonly known as a “light touch” provisional liquidation, which provides a statutory moratorium prohibiting the commencement or continuance of any proceedings against the Company without the leave of the Grand Court of the Cayman Islands (the “**Cayman Court**”) in the Cayman Islands.

Accordingly, in order to facilitate the Company’s financial restructuring, a winding up petition together with an application for the appointment (the “**JPL Application**”) of joint and several provisional liquidators (the “**JPLs**”) of the Company (for restructuring purposes) on a light touch approach for restructuring purposes was presented and filed with the Cayman Court by the Company.

The JPL Application was heard before the Cayman Court on 2 February 2021 (Cayman Islands time). The Cayman Court made the orders as sought by the Company under the JPL Application, inter alia, Osman Mohammed Arab and Lai Wing Lun of RSM Corporate Advisory (Hong Kong) Limited, and Martin Nicholas John Trott of R&H Restructuring (Cayman) Ltd., were appointed as JPLs of the Company on a light touch approach for restructuring purpose. Please refer to the announcements of the Company dated 2 February 2021 and 5 February 2021 for details.

On 28 January 2022, the Company’s solicitors has taken out an ex parte originating summons with the High Court of the Hong Kong Special Administrative Region (the “**Hong Kong Court**”) for the hearing on 8 February 2022 of an application by the Company for an order to convene a meeting of the creditors (the “**Scheme Meeting**”) of the Company to consider and, if thought fit, approve, with or without modification, a scheme of arrangement (the “**Scheme**”) proposed by the Company, pursuant to section 670 of the Companies Ordinance (Cap. 622). By an order of the Hong Kong Court, the Scheme Meeting was convened on 11 March 2022.

### **Capital Reorganisation, the Investor’s Subscription and the Scheme**

On 16 February 2022 (after trading hours), the Company, the JPLs, the Investor and Mr. Lyu have entered into the conditional Restructuring Agreement, pursuant to which the Company will carry out the Restructuring Transactions involving (i) the Capital Reorganisation; (ii) the Investor’s Subscription; and (iii) the Scheme. Please refer to the announcement of the Company dated 10 March 2022 for details of the Restructuring Agreement and the Restructuring Transactions.

At the Scheme Meeting convened and held on 11 March 2022, the Scheme was approved by the requisite statutory majorities of the creditors. On 22 March 2022, the Company's solicitors received a letter from the Hong Kong Court informing that Mr. Justice Harris will make an order to sanction the Scheme without modification. The sealed sanction order was delivered to the Registrar of Companies in Hong Kong on 26 April 2022.

As announced in the announcement of the Company dated 10 March 2022 and the circular in relation to the Restructuring Transactions and the Whitewash Waiver dated 5 August 2022, a Funding Agreement dated 31 December 2020 was entered into between the Company as the borrower and the Investor as the lender to provide the funding for the Company to continue and further develop its business. On 17 October 2022, the Funding Agreement, the terms and funding already provided and to be provided thereunder, have been sanctioned by the Cayman Court.

All the proposed resolutions in relation to the Capital Reorganisation, the Investor's Subscription, the Scheme, and the Whitewash Waiver were duly passed by the Shareholders or the Independent Shareholders (as the case may be) at the extraordinary general meeting held on 30 August 2022, and the Executive Director of the Corporate Department of SFC has granted the Whitewash Waiver on 22 August 2022 subject to, among other matters, no acquisition or disposal of voting rights being made by the Investor and its concert parties between the date of the announcement of the Investor's Subscription and the completion of the Investor's Subscription. Please refer to the circular of the Company dated 5 August 2022 and the announcement of the Company dated 30 August 2022 for details.

The Company announced on 16 May 2023 that with all the conditions precedent for the Capital Reorganisation having been fulfilled (including (a) granting of the order from the Cayman Court confirming the Capital Reduction dated 14 April 2023; (b) due registration of the copy of the order of the Cayman Court and the minute approved by the Cayman Court by the Registrar of Companies in the Cayman Islands dated 1 May 2023; and (c) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the New Shares dated 16 May 2023), the Capital Reorganisation became effective on 17 May 2023.

Immediately following the effective implementation of the Capital Reorganisation, the authorized share capital of the Company is HK\$200,000,000 divided into 20,000,000,000 New Shares of HK\$0.01 each and the issued and fully paid-up capital of the Company is HK\$3,425,728.57 divided into 342,572,857 New Shares of HK\$0.01 each.

Pursuant to the terms of the Restructuring Agreement in relation to the Investor's Subscription, the Investor conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, 2,260,980,856 New Shares at the issue price of HK\$0.044 per New Share.

With all the conditions precedent for the Investor's Subscription having fulfilled (including: (a) the Capital Reorganisation having become effective; (b) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Investor's Subscription Shares dated 16 May 2023; and (c) the Scheme having become unconditional (see below)), the Investor's Subscription has become unconditional.

The Scheme is legally binding on the Company and its Creditors and it involves: (i) the Cash Bonus; (ii) the Scheme Shares Issue; and (iii) the Disposal.

With all the conditions precedent for the Scheme having fulfilled (including: (a) the Capital Reorganisation having become effective; (b) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Scheme Shares dated 16 May 2023; and (c) the Investor's Subscription having become unconditional (see above)), the Scheme has become unconditional.

*(i) Cash Bonus*

Under the Scheme and subject to the terms thereof, HK\$50 million of the total proceeds from the Investor's Subscription was utilised for distribution to the Creditors with Admitted Claims on a pro-rata basis for their Admitted Claim.

*(ii) Scheme Shares Issue*

Under the Scheme, the Company allotted and issued the Scheme Shares to the Creditors to compromise, discharge and/or settle the debts owing by the Company to the Creditors in full. After the adjudication for the Admitted Claims is completed, the Company implemented the Scheme Shares Issue, under which the Company allotted and issued, in aggregate, up to a maximum of 823,739,687 New Shares where the Creditors would receive 1 New Share for every HK\$1.80 in the amount of the Admitted Claims due to them by the Company for settlement of the debts of the Creditors in accordance with the terms of the Scheme, and upon which all the debts of the Creditors were discharged and extinguished and the Creditors were not allowed to make any claim against the Company in respect of their debts.

*(iii) Disposal*

Under the Scheme, the Excluded Companies of the Group are to be disposed of to the Scheme Company. As a result, all the account receivables and the debts of the Group at the level of the Excluded Companies will be handled by the Scheme Administrator(s) who shall recover the Transferred Claims and realise the assets of the Excluded Companies for the benefit of the Creditors subject to the Excluded Companies' own liabilities, or dispose of the Excluded Companies for the benefit of the Creditors.

The Company announced on 16 June 2023 that based on the projection by the Board, the Company will become solvent upon completion of the Capital Reorganisation, the Investor's Subscription and the Scheme. In light of the above, the Company no longer faces an imminent liquidity risk. Therefore, given the successful debt restructuring, it is no longer necessary for the Company to remain in provisional liquidation (with the Petition pending) and for the JPLs to remain in their office. Accordingly, the Company, with the support of the JPLs, made an application to the Cayman Court for withdrawal of the Petition and discharge of the appointment of the JPLs. On 14 June 2023 (Cayman Islands time), the Cayman Court granted an order to approve the application and the JPLs have therefore been discharged and the Company has exited the provisional liquidation (for restructuring purposes) on the same date.

The Company announced on 11 July 2023 that (i) pursuant to the Restructuring Agreement, completion of the Investor's Subscription took place on 11 July 2023, pursuant to which 2,260,980,856 New Shares have been allotted and issued to the Investor at the issue price of HK\$0.044 per New Share; and (ii) pursuant to the Scheme, 823,739,687 New Shares have been allotted and issued to China Wood Scheme Limited holding for and on behalf of the Creditors, credited as fully paid, for further distribution to the Creditors on the basis of 1 New Share for every HK\$1.80 in the amount of Admitted Claims from the Creditors in accordance with the terms of the Scheme.

## FINANCIAL REVIEW

### Results of the Group

#### *Revenue*

During the year ended 31 December 2023, the Group recorded a revenue of approximately HK\$323.4 million, which represented an increase of approximately 122.4% as compared to the revenue of approximately HK\$145.4 million as recorded for the year ended 31 December 2022. The increase was mainly resulted from the increase in turnover on wood-related business from approximately HK\$133.0 million for the year ended 31 December 2022 to approximately HK\$312.1 million for the year ended 31 December 2023.

#### *Cost of sales and services rendered*

Cost of sales and services rendered of the Group grew by approximately 134.6% from approximately HK\$121.3 million for the year ended 31 December 2022 to approximately HK\$284.6 million for the year ended 31 December 2023. The increase was mainly attributable to the increase in sales volume of wood products goods during the Year.

#### *Gross profit and margin*

The Group recorded a gross profit of approximately HK\$38.7 million for the year ended 31 December 2023, representing an increase of approximately 60.5% as compared to the gross profit recorded in the prior year. The gross profit margin decreased from 16.6% for the year ended 31 December 2022 to 12.0% for the year ended 31 December 2023 as a result of downward pressure on profit margin by general slowdown of the wood-related business market.

#### *Other income, gains and (losses), net*

Other income, gains and (losses) decreased from net gain of approximately HK\$3.1 million for the year ended 31 December 2022 to net gain of approximately HK\$0.2 million for the year ended 31 December 2023. The difference was primarily due to the fact that other income in 2022 included gross margin on metal trading of approximately HK\$3.1 million, no such income for 2023.

*Allowances for expected credit losses (“ECLs”) on trade and other receivables, net*

For the year ended 31 December 2023, the Group had recorded allowances for “expected credit losses” (“ECLs”) on trade and other receivables of approximately HK\$2,268,000 (2022: HK\$35,578,000) in total which is mainly comprising of allowances for ECLs on trade receivables of approximately HK\$1,512,000 (2022: HK\$Nil); and allowances for ECLs on other receivables of HK\$756,000 (2022: HK\$35,578,000).

To properly account for the risk adhered to those long outstanding trade, loan and other receivables as, the management of the Company has engaged an independent valuer to assess the risk of potential losses based on the management’s estimate of the lifetime ECLs, which are estimated by taking into account the credit loss experience, ageing of the trade receivables, debtors’ settlement records and financial status, expected timing and amount of realisation of outstanding balances and ongoing business relationship with debtors. The management also considered forward-looking information that may impact the debtors’ abilities to repay the outstanding balances in order to estimate the allowances for ECLs on trade receivables.

There has been no significant changes in inputs and assumption applied in 2023 as compared with those applied in 2022.

*Selling and distribution expenses*

Selling and distribution expenses of the Group remained at approximately HK\$1.0 million during the year ended 31 December 2023 (2022: approximately HK\$1.0 million).

*Administrative expenses*

Administrative expenses of the Group increased by approximately 18.3% from approximately HK\$22.4 million for the year ended 31 December 2022 to approximately HK\$26.5 million for the year ended 31 December 2023.

## Finance costs

Finance costs decreased from approximately HK\$113.7 million for the year ended 31 December 2022 to approximately HK\$68.8 million for the year ended 31 December 2023 as the Scheme to restructure debts took effect in July 2023.

## Income tax expense

The Group recorded a current income tax expense of approximately HK\$5.1 million for the year ended 31 December 2023 (2022: approximately HK\$3.5 million), mainly on operating profits of the Group's wood products business in the PRC. There was reversal of deferred tax of approximately HK\$4.7 million for the Year (2022: charge of approximately HK\$0.4 million).

## Significant Investments Held

At 31 December 2022, the Group had the following significant investments held with a value of 5 per cent. or more of the Group's total assets which were classified as financial assets at FVTPL:

Name of the investments	Investment costs (HK\$'000)	Fair value	Number of	Percentage of	Performance/	Size as	Total amount
		as at 31 December 2022 (HK\$'000)	shares of investments held as at 31 December 2022	investments held as at 31 December 2022 (%)	Change in fair value for the year ended 31 December 2022 (HK\$'000)	compared to the Group's total asset as at 31 December 2022 (%)	of dividends received for the year ended 31 December 2022 (HK\$'000)
Zhongxin (Heilongjiang) Internet Microfinance Co., Ltd.*	111,750	-	N/A <sup>#</sup>	2	-	0	-
Zuoshishi Technology Service (Beijing) Company Limited*	67,050	11,225	N/A**	11	180	6	-
Spring Power Holdings Limited	23,474	1,030	498	3	(719)	1	-

\* For identification purposes only

# represented by RMB100,000,000 out of total registered capital of RMB5,272,000,000.

\*\* represented by RMB1,029,963 out of total registered capital of RMB9,363,296.

### *Description of the investments*

Zhongxin (Heilongjiang) Internet Microfinance Co., Ltd.\* is an unlisted company established in the PRC which principally engaged in internet microfinance business. The industry of this company continued to be under stringent government reformation policies in China in recent years. In light of the deteriorating financial performance and the uncertainty in the debt collection rate, the valuation of this investment remained at HK\$Nil as at 31 December 2022. As at 11 July 2023, the Group deconsolidated this investment as part of the disposal of Excluded Companies.

Zuoshishi Technology Service (Beijing) Company Limited\* is an unlisted company established in the PRC which principally engaged in the provision of innovation service for start-up technology companies and related investment activities. The capital market in China has experienced high volatility during the year as being affected by the global COVID-19 pandemic and similar fluctuations appeared in the capital market in US and Europe. GDP growth in China was significantly slowed down in 2022 which has hindered the future outlook of the business sector and affected the result of the valuation conducted by independent valuer as at 31 December 2022. As at 11 July 2023, the Group deconsolidated this investment as part of the disposal of Excluded Companies.

Spring Power Holdings Limited is an unlisted company established in BVI that controls a group of companies principally engaged in development and manufacturing of human like robots. The financial performance of this company has stabilized but still fell short of original projection and lowered the expectation to its future profitability and consequently affected the valuation conducted by independent valuer as at 31 December 2022. As at 11 July 2023, the Group deconsolidated this investment as part of the disposal of Excluded Companies.

## Liquidity and Financial Position

	<b>2023</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Current assets	<b>96,088</b>	136,060
Current liabilities	<b>160,284</b>	1,592,572
Current ratio	<b>0.60</b>	0.09

At 31 December 2023, cash and cash equivalents of the Group amounted to approximately HK\$3.5 million (2022: approximately HK\$4.1 million). As at 31 December 2023, the Group had interest-bearing bank and other borrowings amounted approximately HK\$14.1 million (2022: approximately HK\$846.9 million).

On the basis of the considerations as disclosed in the note 2 of the consolidated financial statements of the Group for the year ended 31 December 2023, the Board is confident that the Group will have sufficient financial resources to meet its debt repayment and finance needs for its operations for the foreseeable future.

## Gearing Ratio

	<b>2023</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Total bank and other borrowings	<b>14,120</b>	846,873
Total assets	<b>128,298</b>	196,155
Gearing ratio	<b>11.00%</b>	431.74%

The gearing ratio reduced significantly as a result of restructuring of debts by the Scheme.

As at 31 December 2023, the maturity profile of the bank and other borrowings of the Group falling due within one year amounted to approximately HK\$14.1 million (2022: approximately HK\$846.9 million), of which bank and other borrowings of approximately HK\$13.7 million (2022: approximately HK\$55.7 million) were denominated in Renminbi.

### **Capital Structure**

The capital of the Company comprises only ordinary shares. As at 31 December 2023, the total number of the ordinary shares of the Company was 3,427,293,400 (2022: 342,572,857) (with an aggregate nominal value of approximately HK\$34.3 million (2022: approximately HK\$68.5 million)).

### **Charges on the Group's Assets**

At 31 December 2023, certain of the Group's other borrowings were secured by the Group's trade receivables of gross amount approximately HK\$Nil (2022: approximately HK\$600.6 million).

### **Foreign Currency Exposure**

The foreign currency exposure of the Group primarily arises from revenue or income generated, cost and expenses incurred and certain bank and other borrowings denominated in currencies other than the functional currency of the Group's operating units. For the Group's operating units that have United States dollar and Renminbi as their functional currencies, their foreign currency transactions and the units' monetary assets and liabilities denominated in foreign currencies that were translated at the functional currency rates of exchange ruling at 31 December 2023 were mainly denominated in Hong Kong dollars. The Group expected that the exposure to exchange rates fluctuation was not significant and therefore had not engaged in any hedging activities.

## **Contingent Liabilities**

On 21 April 2020, a writ of summons was issued by an independent third party in Beijing, China as plaintiff against a wholly owned subsidiary of the Group namely (北京宜乘企業管理有限公司) as defendant (the “**Action**”). The plaintiff claimed for the repayment of principal and the accrued interests of a loan purportedly owed by the defendant to the plaintiff in the total amount of approximately RMB59.5 million since 2014 (the “**Purported Loan**”). The defendant has denied the existence of the Purported Loan and has requested forensic checks to be conducted to the loan agreement produced by the Plaintiff to the People’s Court in Chaoyang District, Beijing (the “**Beijing Court**”). The Company has engaged a competent legal advisor to act for its interests in respect of the Action.

In January 2022, the Group received a judgement (the “**Judgement**”) from the Beijing Court and ordered that the defendant be required to pay a sum of approximately RMB37.0 million plus damages of RMB7.5 million for breach of contract. Immediately after the Judgement, the Group has made an appeal to the Beijing No. 3 Intermediate People’s Court (北京市第三中級人民法院) against the Judgement. In April 2022, the Beijing No. 3 Intermediate People’s Court dismissed the Group’s appeal against the Judgement. The Group has taken steps to apply for retrial of the case.

A provision for claim in the amount of RMB44.5 million (equivalent to approximately HK\$49.9 million) was made during the year ended 31 December 2021.

Save as disclosed above, as at 31 December 2023, no member of the Group was engaged in any litigation or arbitration or claims which would materially or adversely affect the operations of the Company and no litigation, arbitration or claim which would materially or adversely affect the operations of the Company was known to the directors of the Company to be pending or threatened by or against any member of the Group.

## **Capital Commitments**

As at the end of the reporting period, the Group had outstanding capital commitments amounted to approximately HK\$Nil (2022: approximately HK\$33.8 million).

## **DIVIDEND**

The Board does not recommend the payment of any dividend for the year ended 31 December 2023 (2022: Nil).

## **EMPLOYEES AND EMOLUMENT POLICY**

At 31 December 2023, the Group employed a total of 49 (2022:64) employees. Total costs including the emoluments of the directors of the Company, amounted to approximately HK\$7.3 million for the year (2022: approximately HK\$6.9 million). The emolument policy of the Group is determined with reference to the performance, qualifications and experience of individual employees (including Directors), as well as the results of the Group and the market conditions. The Group provides discretionary bonus, medical insurance, provident fund, education subsidy and training to its employees.

## **MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES OR ASSOCIATED COMPANIES**

Save as disclosed in this announcement, the Group had no material acquisition or disposal of subsidiaries or associates during the year ended 31 December 2023. As at 31 December 2023, the Group had no specific plan for major investment or acquisition for major capital assets or other business. However, the Group will continue to identify new opportunities for business development.

## **COMPARATIVE FIGURES**

Certain of the comparative figures have been restated to conform with current year's presentation.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Year.

## **CORPORATE GOVERNANCE PRACTICES**

The Company acknowledges the importance of good corporate governance practices and procedures and regards a pre-eminent board of directors, sound internal controls and accountability to all shareholders as the core elements of its corporate governance principles. The Company endeavours to ensure that its businesses are conducted in accordance with rules and regulations, and applicable codes and standards. The Company has adopted the Code Provisions of the Corporate Governance Code (the “**Code**”) as set out in Appendix 14 (renumbered as Appendix C1 since 31 December 2023) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The Board reviews at least annually the corporate governance practices of the Company to ensure its continuous compliance with the Code, and make appropriate changes if considered necessary. The Company was in compliance with the applicable code provisions in the Code (the “**Code Provision**”) for the year ended 31 December 2023 except for the deviation as disclosed below. The following sections set out the principles in the Code as they have been applied by the Company, including any deviations therefrom, for the year under review.

### **Board**

The Company is governed by the Board, which is responsible for overseeing the overall strategy and development of the Company, as well as monitoring the internal control policies and evaluating the financial performance of the Group. The Board sets the overall strategies and directions for the Group with a view to developing its business and enhancing the shareholders’ value.

As at the date of this announcement, the Board comprises one executive Directors, one non-executive Director and three independent non-executive Directors.

The Board is characterised by significant diversity and has a balance of skills and experience appropriate for the requirements of the business of the Company.

## **Chairman and Chief Executive Officer**

Mr. Lyu NingJiang, being the chairman of the Company (the “**Chairman**”) is responsible for the overall strategic planning and management of the Group. Code Provision C.2.1 requires that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Lyu, being the Chairman, has also been appointed as the chief executive officer of the Group (the “**Chief Executive Officer**”) who will keep strong and consistent leadership to achieve strategic business growth of the Group to enable a better execution of long-term strategies. The Board believes that the roles of both chairman and chief executive officer vested in the same individual would enable the Company to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans. All the Board members will be ensured to keep abreast of adequate, complete and reliable information by Mr. Lyu on issues to be discussed at Board meetings. Moreover, the independent non-executive Directors (the “**INEDs**”) provide independent and professional opinion on issues addressed at Board meetings and therefore, the Board believes that there is a balance of power and authority governed by the current Board structure with more than half of them being the INEDs and does not intend to make significant change to the composition of the Board. The Board will continue to review the Board composition from time to time and shall make necessary changes when appropriate in a timely manner accordingly and inform the Company’s shareholders.

## **Independent Non-Executive Directors**

During the period from 1 November 2022 to 26 January 2023, the Company failed to meet the following requirements of the Listing Rules as a result of the resignation of Ms. Zhao Xiao Lian on 1 November 2022:

1. the board of directors must include at least three independent non-executive directors, under Rule 3.10(1) of the Listing Rules; and
2. the audit committee comprising non-executive directors only and with a minimum of three members under Rule 3.21 of the Listing Rules.

Pursuant to Rule 3.10A of the Listing Rules, the number of independent non-executive directors of the Company shall represent not less than one-third of the Board throughout the Year.

On 27 January 2023, Mr. Chan Lik Shan was appointed as an INED and there has been a sufficient number of INEDs. The Company has thereafter complied with the above requirements of the Listing Rules.

The Company has received from each of its INED an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and the Company considers that all of the INEDs are independent.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 (renumbered as Appendix C3 since 31 December 2023) to the Listing Rules (the “**Model Code**”). The Company periodically issues notices to the Directors reminding them of the general prohibition on dealing in the Company’s listed securities during the blackout periods before the publication of announcements of results. The Company has confirmed, having made specific enquiry of the Directors, all the Directors have complied with the Model Code throughout the period under review.

## **AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS**

As at the date of this announcement, the audit committee of the Company (the “**Audit Committee**”) comprises all three INEDs, namely Mr. Zhao XianMing (chairman), Mr. Chan Lik Shan and Mr. So Yin Wai. The primary duties of the Audit Committee are to supervise the internal control policies, the financial reporting systems and procedures of the Company, to review the financial statements and reports of the Group, and to review the terms of engagement and scope of audit work of the external auditors. The audited financial statements of the Group for the year ended 31 December 2023 have been reviewed by the Audit Committee.

## **SCOPE OF WORK OF MCMILLAN WOODS (HONG KONG) CPA LIMITED**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and comprehensive income, and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group’s auditors, McMillan Woods (Hong Kong) CPA Limited (“**McMillan Woods**”), to the amounts set out in the Group’s preliminary consolidated financial statements for the year. The work performed by McMillan Woods in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by McMillan Woods on the preliminary announcement.

## **EXTRACT FROM INDEPENDENT AUDITOR’S REPORT PREPARED BY THE AUDITOR OF THE COMPANY**

The Company would like to provide an extract from the independent auditor’s report prepared by McMillan Woods (Hong Kong) CPA Limited on the Group’s consolidated financial statements for the year ended 31 December 2023 as set out below:

### **Material Uncertainty Relating to Going Concern**

We draw attention to note 2 to the consolidated financial statements, which indicates that the Group had net current liabilities and net liabilities of approximately HK\$64,196,000 and HK\$41,711,000. As stated in note 2, these events or conditions, along with other matters as set forth in note 2 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **ANNUAL GENERAL MEETING**

It is proposed that the annual general meeting (the “**2023 AGM**”) of the Company for the year ended 31 December 2023 will be held on a date to be fixed by the Board, and a notice convening the 2023 AGM will be published and despatched to the shareholders of the Company in due course.

### **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

This annual results announcement is published on the websites of the Company ([www.chinawoodint.com.hk](http://www.chinawoodint.com.hk)) and the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)). The annual report containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and available on the websites of the Company and the Stock Exchange within the prescribed period.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Company's shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on Tuesday, 2 April 2024, pending the release of this announcement. An application will be made by the Company to the Stock Exchange for resumption of trading in the Company's shares with effect from 9:00 a.m. on Friday, 5 April 2024.

By order of the Board  
**China Wood International Holding Co., Limited**  
中木國際控股有限公司  
**Lyu NingJiang**  
*Chairman and Executive Director*

Hong Kong, 3 April 2024

*As at the date of this announcement, the Board comprises of Mr. Lyu NingJiang (Chairman and CEO) as executive director, Mr. Hu YongGang as non-executive director; and Mr. Chan Lik Shan, Mr. So Yin Wai and Mr. Zhao XianMing as independent non-executive directors.*