



IN THE GRAND COURT OF THE CAYMAN ISLANDS

FINANCIAL SERVICES DIVISION

CAUSE NO. FSD OF 2023 ()

IN THE MATTER OF SECTION 15 OF THE COMPANIES ACT (2023 REVISION)

AND IN THE MATTER OF CHINA WOOD INTERNATIONAL HOLDING CO., LIMITED (IN PROVISIONAL LIQUIDATION)

PETITION

To the Grand Court

The humble petition of CHINA WOOD INTERNATIONAL HOLDING CO., LIMITED shows that:-

A. Introduction

1 The object of this Petition is to seek an order pursuant to section 15 of the Companies Act (2023 Revision) (the "**Companies Act**") confirming a reduction of the share capital of China Wood International Holding Co., Limited (in Provisional Liquidation) (the "**Company**").

This Petition is filed by Ogier (Cayman) LLP, Attorneys for the Petitioner whose address for service is:
89 Nexus Way, Camana Bay, Grand Cayman KY1-9009, Cayman Islands (GEL/NKQ/505112.00001)

- 2 The Company was incorporated as an exempted company on 11 September 2009 (registration 230752) under the name of Perception Digital Holdings Ltd. The name of the Company has since changed as follows:
 - 1.1 On 17 September 2009: Perception Digital Holdings Limited 幻音數碼控股有限公司;
 - 1.2 On 27 April 2015: E-Rental Car Company Limited 宜租互聯網租車有限公司 which translated into English is E-Rental Internet Car Rental Company Limited;
 - 1.3 On 12 May 2016: HongDa Financial Holding Limited 宏達金融控股有限公司; and
 - 1.4 On 23 June 2020: China Wood International Holding Co., Limited 中木國際控股有限公司.
- 3 The Company's registered office is situated at Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- 4 The Company's principal place of business in Hong Kong is Room 1601, 16/F, Sun House, 90 Connaught Road Central, Hong Kong.
- 5 The authorised share capital of the Company is HK\$200,000,000 consisting of 1,000,000,000 shares of a nominal or par value of HK\$0.20 each.
- 6 The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**HKSE**") under stock code number 01822. The Company's shares began trading on the GEM Board of the HKSE on 16 December 2009 and transferred to

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the Main Board of the HKSE on 3 June 2011. Trading in the Company's shares was suspended on 22 October 2021 and has not resumed since.

- 7 The Company is an investment holding company whose operating subsidiaries are in Hong Kong and the PRC (together, the "**Group**"). The Group primarily engages in the business of car rental and trading and processing of goods, primarily wood products.
- 8 The objects for which the Company was established are unrestricted and at all material times the Company has had full powers to carry out any object not prohibited by act as provided by section 7(4) of the Companies Act.

Provisional liquidation

- 9 On 19 January 2021, the board of directors of the Company (the "**Board**") resolved to present a winding up petition (which was permitted under Article 162(1) of the Company's amended and restated Memorandum and Articles of Association adopted pursuant to a special resolution passed on 27 November 2009 (the "**Articles of Association**")) on the basis that the Company was unable to pay its debts as and when they fell due. The petition was presented to the Grand Court of the Cayman Islands on 20 January 2021.
- 10 On the same date, the Company also filed a summons seeking the appointment of provisional liquidators under section 104(3) of the Companies Act on the basis that it intended to present a compromise or arrangement to its creditors. On 2 February 2021, the Honourable Parker J ordered that 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., be appointed joint provisional liquidators of the Company (the "**JPLs**") (the "**Appointment Order**").
- 11 The powers of the JPLs were limited to those set out in the Appointment Order which included the power to consult with the Company in respect of, and review, on an ongoing basis, all issues relating to the feasibility of a debt restructuring plan (the "**Restructuring**

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Proposal") as to be recommended by the directors of the Company and its advisers, including with respect to the necessary steps which need to be taken in order for the Restructuring Proposal to be successfully implemented to allow the Company to continue as a going concern. The Appointment Order also provided that the Board would continue to manage the Company's affairs in all respects and exercise the powers conferred upon it by the Articles of Association.

Restructuring Agreement and Scheme of arrangement

- 12 Since their appointment, the JPLs have been working to secure a restructuring proposal for the Company that would maximise returns for the Company's creditors.
- 13 On 16 February 2022, the Company entered into an agreement with, among others, the JPLs, recording the terms and conditions for restructuring of the Group (the "**Restructuring Agreement**"). It was agreed that the Company would use reasonable endeavours to restructure the Company's existing share capital so that:
- (a) Share premium cancellation: the sum of approximately HK\$1,060 million, being the entire amount standing to the credit of the share premium account of the Company will be cancelled to set off against part of the total accumulated loss of the Company of approximately HK\$2,178 million as at 30 June 2021;
 - (b) 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 will be reduced from HK\$0.20 to HK\$0.01 and that the total credit of HK\$65,088,842.83 arising therefore will be applied to further set off the accumulated loss of the Company approximately HK\$2,178 million as at 30 June 2021 (the "**Capital Reduction**"); and

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(c) Unissued share capital cancellation: immediately following the Capital Reduction, the existing unissued share capital of the Company of HK\$131,485,428.6 will, after the completion of the Capital Reduction, be cancelled in its entirety,

(together, the "**Capital Reorganisation**")

14 The Restructuring Agreement also proposed a scheme of arrangement between the Company and its creditors under Part 13 of the Hong Kong Companies Ordinance (the "**Scheme**"). A Scheme document was subsequently prepared by the Company and the JPLs, together with an explanatory statement.

15 A scheme meeting was convened pursuant to an order of the High Court of Hong Kong dated 8 February 2022 for the purpose of considering and if thought fit approving the proposed Scheme (including the Capital Reorganisation). The Scheme meeting was held on 11 March 2022 during which 75.66% of creditors voted in favour of the Scheme. The Scheme was approved by the Hong Kong Court on 22 March 2022.

16 Clause 5 of the Restructuring Agreement noted that closing was conditional on the satisfaction of each of the "Conditions Precedent". The Conditions Precedent were listed in Schedule 1 to the Restructuring Agreement and include:

(a) The passing of the necessary resolutions by the shareholders to approve the Capital Reorganisation at the extraordinary general meeting (the "**EGM**");

(b) The Courts (where applicable) confirming or sanctioning the Capital Reduction; and

(c) Registration by the Registrar of Companies in the Cayman Islands a copy of the order of the Cayman Court approving the Capital Reduction and the minute

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approved by the Cayman Court containing the particulars required under the Companies Act of the Cayman Islands with respect to the Capital Reduction.

Capital Reduction

17 Article 6 of Articles of Association states that:

"The Company may from time to time by special resolution, subject to any confirmation or consent required by the Law, reduce its share capital or any capital redemption reserve or other distributable reserve in any manner permitted by law."

18 Article 2(1) of the Articles of Association states that:

"A resolution shall be a special resolution when it has been passed by a majority of not less than $\frac{3}{4}$ [75%] of votes cast by such Members as, being entitled so to do, vote in person or, in the case of such Members as are corporations, by their respective duly authorised representative or, where proxies are allowed, by proxy at a general meeting of which Notice has been duly given in accordance with Article 59."

19 On 5 August 2022, the Company circulated a notice of EGM to its shareholders which proposed, among other things, the following resolutions:

- (a) The entire amount standing to the credit of the share premium account of the Company as at the Effective Date be and is hereby reduced to nil ("**Share Premium Cancellation**");
- (b) 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 will be reduced from HK\$0.20 to HK\$0.01 and the credit arising therefrom be applied to set off the

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accumulated losses of the Company (being the Capital Reduction defined in paragraph 13 above); and

- (c) Subject to and forthwith upon the Capital Reduction taking effect, all the authorised but unissued share capital of the Company (which shall include the authorised but unissued share capital arising from the Capital Reduction) be cancelled (the “**Unissued Share Capital Cancellation**”) and forthwith upon such cancellation, the authorised share capital of the Company will be increased to HK\$200,000,000 by the creation of such number of additional shares of the Company of HK\$0.01 each in the share capital of the Company (the “**New Shares**”) as shall be sufficient to increase the authorised share capital of the Company to HK\$200,000,000 divided into 2,000,000,000 New Shares.

(the Share Premium Cancellation, the Capital Reduction and the Unissued Share Capital Cancellation are collectively the Capital Reorganisation as defined in paragraph 13 above).

- 20 In accordance with section 14(1) of the Companies Act and by way of special resolution of the shareholders of the Company at an EGM of the Company held on 30 August 2022 it was resolved to approve the Capital Reorganisation involving the Share Premium Cancellation, Capital Reduction and Unissued Share Capital Cancellation and the transactions contemplated thereunder (the “**Special Resolution**”). 100% of shareholders present and voting voted in favour of the Special Resolution.
- 21 The Company has accordingly satisfied the requirements for passing a special resolution to approve the Capital Reduction under the Articles of Association of the Company and the Companies Act.
- 22 The Capital Reduction does not involve any diminution of liability in respect of any unpaid capital of the Company or the repayment to the shareholders of any paid-up capital of the Company nor will it result in any change in the relative rights of its shareholders.

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23 The Board believes that the Capital Reorganisation will not have any material adverse effect on the financial position of the Company and that on the date the Capital Reorganisation is to be effected, there are no reasonable grounds for believing that the Company is, or after the Capital Reorganisation would be, unable to pay its liabilities as and when they become due. Rather, the Company will be better placed to satisfy liabilities as the credit arising from the Capital Reorganisation will be applied towards offsetting the accumulated losses of the Company. The Board is of the opinion that the Capital Reduction will give greater flexibility to the Company to declare dividends and/or to make use of distributable reserves in the future.

24 The form of minute proposed to be registered is as follows:

"By virtue of a Special Resolution passed on 30 August 2022 and with the sanction of an Order of the Grand Court of the Cayman Islands dated []:

- (a) The issued share capital of China Wood International Holding Co., Limited (the "**Company**") was 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 will be reduced from HK\$0.20 to HK\$0.01 and the credit arising therefrom be applied to set off the accumulated losses of the Company;*
- (b) 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 will 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;*
- (c) immediately following the Capital Reduction, the existing unissued share capital of the Company of HK\$131,485,428.6 will, after the completion of the Capital Reduction, be cancelled in its entirety. Forthwith upon the Unissued Share Capital Cancellation becoming effective, the authorised*

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share capital of the Company be increased to HK\$200,000,000 by the creation of such number of additional New Shares as shall be sufficient to increase the authorised share capital of the Company to HK\$200,000,000 divided into 20,000,000,000 New Shares".

25 It is appropriate for the Court to confirm the Capital Reduction.

YOUR PETITIONER THEREFORE humbly prays that:

- (1) The reduction of the share capital of the Company proposed to be effected by the Resolutions set out at paragraph 19 above be confirmed and that the form of minute set out at paragraph 24 above be approved by the Court.
- (2) That to this end, all necessary inquiries and directions may be made and given.
- (3) Such further or other relief be granted as the Court shall see fit.

AND your Petitioner will ever pray etc.

Dated the 31st day of March 2023



Ogier (Cayman) LLP
Attorneys for the Petitioner

NOTE: This Petition is not intended to be served.

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NOTICE OF HEARING

TAKE NOTICE THAT the hearing of this petition will take place at the Law Courts, George Town, Grand Cayman, on _____ at 10:00am.

Any correspondence or communication with the Court relating to the hearing of his petition should be addressed to the Registrar of the Financial Services Division of the Grand Court at PO Box 495, Grand Cayman, KY1-1106, telephone 345 959 4296.

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