



IN THE GRAND COURT OF THE CAYMAN ISLANDS

FINANCIAL SERVICES DIVISION

CAUSE NO. FSD OF 2021 ()

IN THE MATTER OF THE COMPANIES ACT (2020 REVISION)

AND IN THE MATTER OF CHINA WOOD INTERNATIONAL HOLDING CO., LIMITED

WINDING UP PETITION

TO: THE GRAND COURT OF THE CAYMAN ISLANDS

The humble petition of CHINA WOOD INTERNATIONAL HOLDING CO., LIMITED (the “Petitioner” or the “Company”) of Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands, shows that:

Background

1. The Company was incorporated in the Cayman Islands on 11 September 2009 as an exempted company with limited liability pursuant to the laws of Cayman Islands with registration number CT-230752.
2. The Company’s registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
3. The Company has its its principal place of business in Hong Kong at Rooms 3006-3007, 30/F, China Resources Building, 26 Harbour Road, Wan Chai. The Company is listed on the Main Board of the Hong Kong Stock Exchange (“HKSE”) under stock code 01822. The Company’s shares began trading on the GEM Board of the HKSE on 16 December 2009 and transferred to the Main Board of the HKSE on 3 June 2011.
4. The authorised share capital of ordinary shares of the Company is HK\$200,000,000 divided into 1,000,000,000 shares at HK\$0.20 each.

5. The Company is currently an investment holding company mainly engaged in car rental, the trading of materials including still and sparkling wine, copper and nickel cathodes, and other wood products. The financing and investment business, which recorded a revenue of about HK\$1.02 million in 2020, was ceased. The Company operates its business through two business segments, namely:
 - (a) the materials trading segment is mainly involved in the trading of still and sparkling wine, copper and nickel cathodes, and other wood products; and
 - (b) the car rental segment is primarily engaged in the provision of car rental services.

Board resolution

6. On 19 January 2021, the Company's board of directors resolved to present this winding up petition as it is expressly permitted to do pursuant to Article 162(1) of the Company's Articles of Association thus complying with the provisions of Section 94(2) of the Companies Act (2020 Revision).

Financial Position

7. The Company has over HK\$1.4 billion of debt currently due and owing. As is set out below, various creditors have now demanded repayment.

The Company's Investment in Honghua Investment Fund Limited (In Official Liquidation) (the "Fund")

8. On 27 November and 9 December 2020, the joint liquidators of the Fund ("Fund JOLs") demanded that the Company, pursuant to the terms of a Placing Memorandum dated 6 July 2017 ("Placing Memorandum") issued by the Fund, be liable to indemnify the Fund and requested immediate payment of HK\$200 million to the Fund as well as other amounts to be determined for purposes of indemnification (the "Indemnification Claims").

Solicitors' Fees

9. On 14 August 2020, Messrs Clifford Chance issued a statutory demand to the Company (in the name of "HongDa Financial Holding Limited", being the Company's former name at the time) in relation to the payment of outstanding solicitors' fees owed by the Company in the sum of US\$108,315.22 ("CC Debt").
10. On 23 November 2020, Messrs Clifford Chance further sent a letter to the Company demanding payment of US\$102,515.75 within seven days of their letter. In particular, the letter indicated that Messrs Clifford Chance is "*entitled to file a Winding Up Petition in Hong Kong against [the Company] as a registered non-Hong Kong company without further notice.*"
11. The CC Debt remains due and outstanding. The Company is unable to pay the CC Debt.

Topsorce International Holding Co., Limited ("Topsorce")

12. In August 2020, the Company issued convertible bonds to Topsorce of HK\$100 million which matured on 16 May 2020 ("2020 Topsorce CB") and on May 2019, the Company issued a further HK\$100 million of convertible bonds which is due to mature on 16 May 2021 ("2021 Topsorce CB"). Pursuant to a standstill agreement entered between the Company and Topsorce, the parties agreed to a standstill period of seven months counting from the respective maturity dates of the 2020 Topsorce CB and the 2021 Topsorce CB, during which the parties would attempt to reach a debt restructuring agreement on the same.
13. The parties have not yet reached a restructuring agreement and the standstill period in respect of the 2020 Topsorce CB lapsed in December 2020.
14. The 2020 Topsorce CB remains due and outstanding. The Company is currently unable to pay the 2020 Topsorce CB.

China Huarong Macau (HK) Investment Holdings Limited ("China Huarong")

15. On 15 September 2020, China Huarong issued two letters to the Company demanding that the Company:

- (a) redeem HK\$200 million, 8% convertible bonds (“China Huarong CB”) issued by the Company to China Huarong on 31 August 2017; and
 - (b) repay amounts owed in relation to a HK\$400 million term loan facility and the loan made thereunder in an aggregate principal amount of HK\$100 million (together, the “China Huarong Facility”).
16. China Huarong has demanded that the Company pay the following sums:
- (a) in relation to the China Huarong CB, the amounts of HK\$200 million (being the outstanding principal amount of the China Huarong CB), HK\$19,287,671.23 (being the accrued and unpaid interest as at 15 September 2020), HK\$46,585,999.30 (being the default interest as at 15 September 2020), HK\$9,879,512 (being the aggregate internal rate of return) and all other amounts accrued and outstanding; and
 - (b) in relation to the China Huarong Facility, the sum of HK\$100 million (being the overdue and outstanding principal amount of the loan), HK\$3,305,937.50 (being the profit top-up fee as at 15 September 2020), HK\$9,643,835.62 (being the accrued and unpaid interest as at 15 September 2020), HK\$23,282,140.73 (being the default interest up to and inclusive of 15 September 2020) and all other amounts accrued and outstanding.
- (together, the “China Huarong Debts”).
17. China Huarong demanded the China Huarong Debts be paid on or before 22 September 2020 and that it would take necessary actions against the Company with or without further notice to the Company.
18. The China Huarong Debts remains due and outstanding. The Company is currently unable to pay the China Huarong Debts.

Jade Coronet Limited (“Jade Coronet”)

19. On 6 July 2020, Messrs Dorsey & Whitney, being the legal representatives of Jade Coronet, issued a letter to the Company demanding that the Company pay

amounts owed to Jade Coronet in relation to a US\$30 million senior guaranteed and secured fixed rate note dated 29 December 2017 (“Note”) issued by Mercury Union Limited, for which the Company acted as a guarantor. Jade Coronet demanded that the Company pay US\$33,347,363.29, being the aggregate amount of (a) the principal amount of the Note; (b) accrued but unpaid interest of US\$2,870,000 as at 6 July 2020; and (c) default interest of US\$477,363.29 as at 6 July 2020 (together, the “Jade Coronet Debt”). Messrs. Dorsey & Whitney indicated that Jade Coronet may exercise its rights and remedies without further notice, including the commencement of arbitration proceedings against the Company.

20. The Jade Coronet Debt remains due and outstanding. The Company is currently unable to pay the Jade Coronet Debt.

Vigo Hong Kong Investment Limited (In Creditors’ Voluntary Liquidation)
(“Vigo”)

21. On 20 October 2020, the appointed joint and several liquidators of Vigo (“Vigo Liquidators”) issued a letter to the Company demanding that the Company pay outstanding principal of HK\$108 million with outstanding interest at 1.4% p.a. owed to Vigo (“Vigo Debt”). The Vigo Liquidators demanded that the Company pay the Vigo Debt within fourteen days of the letter, failing which the Vigo Liquidators would place the matter in the hands of its solicitors.
22. The Vigo Debt remains due and outstanding. The Company is currently unable to pay the Vigo Debt.
23. The Company is therefore unable to pay its debts as they fall due and is therefore liable to be wound up by this Honourable Court pursuant section 92(d) of the Companies Act.

The Petitioner therefore humbly prays that:

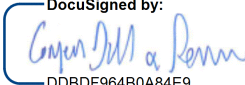
- (1) The Company be wound up by the Court pursuant to Section 92(d) of the Companies Act (2020 Revision).

- (2) Osman Mohammed Arab, Lai Wing Lun (Johnathan) (both of RSM Hong Kong) and Martin Nicholas John Trott, of R&H Restructuring (Cayman) Ltd., be appointed as joint official liquidators of the Company (the “JOLs”) with the power to act jointly and severally.
- (3) The JOLs shall not be required to give security for their appointment.
- (4) The JOLs be authorised to exercise such of the powers specified in Part I of the Third Schedule to the Companies Act (2020 Revision) as the Court may direct.
- (5) No suit, action or other proceeding may be proceeded with or commenced against the Company except with the leave of the Court and subject to such terms as the Court may impose.
- (6) The remuneration and expenses of the JOLs be paid out of the assets of the Company in accordance with Part III of the Insolvency Practitioner’s Regulations 2018 and Order 20 of the Companies Winding Up Rules, 2018.
- (7) No disposition of the Company’s property by or with the authority of the JOLs in carrying out their duties and functions and exercise of their powers under this Order shall be voided by virtue of section 99 of the Companies Act (2020 Revision).
- (8) The JOLs be at liberty to appoint counsel, attorneys, and professional advisors, whether in the Cayman Islands or elsewhere as they may consider necessary to advise and assist them in the performance of their duties and on such terms as they may think fit and to remunerate them out of the assets of the Company.
- (9) The requirement to form a liquidation committee be dispensed with.
- (10) The JOLs be at liberty to apply generally.
- (11) The costs of this Petition shall be paid out of the assets of the Company, as an expense of the liquidation, to be taxed if not agreed.

(12) Such further or other relief be granted as the Court deems appropriate.

AND your Petitioner will ever pray etc.

Dated this ²⁰ day of January 2021

DocuSigned by:

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Conyers Dill & Pearman
Attorneys-at-Law for the Petition

This Petition was filed by Conyers Dill & Pearman, Attorneys-at-Law for and on behalf of the Petitioner herein whose address for service is SIX, Cricket Square, P. O. Box 2681, George Town, Grand Cayman, KY1-1111

Notice of Hearing

TAKE NOTICE THAT the hearing of this petition will take place at the Law Courts, George Town, Grand Cayman on the ____ day of _____ 2021 at _____ am/pm.

Any correspondence or communication with the Court relating to the hearing of this 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 345 949 4296.