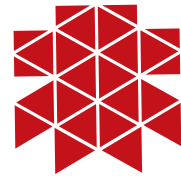


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CHINA WOOD
中木國際

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)

**MAJOR TRANSACTION IN RELATION TO
THE DISPOSAL OF THE SALE SHARE OF THE TARGET
COMPANY**

THE DISPOSAL

On 9 July 2026 (after trading hours), the Vendor, a direct wholly-owned subsidiary of the Company, entered into the Share Sale Agreement with the Purchaser, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Share, representing 100% of the issued share capital of the Target Company, at the Consideration of HK\$100,000.

The Consideration payable by the Purchaser to the Vendor for the Disposal is HK\$100,000, of which HK\$50,000, being a refundable deposit, shall be payable in cash upon execution of the Share Sale Agreement and the remaining HK\$50,000 shall be payable in cash upon the Completion, free from any set-off, counterclaim or other deduction of any nature whatsoever.

As at the date of the Share Sale Agreement, the Target Company is an indirect wholly-owned subsidiary of the Company. Upon the Completion, the Company will cease to have any interests in the Target Company and the financial results and assets and liabilities of the Target Company will no longer be consolidated into the consolidated financial statements of the Group.

LISTING RULES IMPLICATIONS

As one or more applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal exceed 25% but all are less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

The EGM will be convened for the purpose of considering and, if thought fit, approving the Share Sale Agreement and the transactions contemplated thereunder.

Shareholders who have a material interest in the Share Sale Agreement and their close associates will be required to abstain from voting in respect of the resolution(s) to approve the Share Sale Agreement and the transactions contemplated thereunder at the EGM. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of the Share Sale Agreement, none of the Shareholders has a material interest in the Disposal and therefore, no Shareholder is required to abstain from voting on the resolution(s) at the EGM to approve the Share Sale Agreement and the transactions contemplated thereunder.

A circular containing, amongst other things, (i) further details of the Share Sale Agreement; (ii) other information as required to be disclosed under the Listing Rules; and (iii) a notice of the EGM to approve the Disposal, will be despatched to the Shareholders on or before 30 July 2026.

Completion of the Share Sale Agreement is subject to the fulfilment of certain conditions precedent and terms thereof, and therefore, may or may not take place. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

THE DISPOSAL

On 9 July 2026 (after trading hours), the Vendor, a direct wholly-owned subsidiary of the Company, entered into the Share Sale Agreement with the Purchaser, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Share, representing 100% of the issued share capital of the Target Company, at the Consideration of HK\$100,000.

THE SHARE SALE AGREEMENT

The principal terms of the Share Sale Agreement are set forth as below.

Date

9 July 2026

Parties

Vendor: Fame Steps Limited

Purchaser: Yang Lei

As at the date of the Share Sale Agreement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser is a third party independent of and not connected with the Company and its connected persons (as defined in the Listing Rules).

Subject matter

The Sale Share represents 100% of the issued share capital of the Target Company as at the date of the Share Sale Agreement. Subject to the provisions of the Share Sale Agreement, the Vendor shall sell the Sale Share and the Purchaser shall purchase (or procure the purchase of) the Sale Share, with all rights attaching or accruing to the Sale Share and all dividends declared, made or paid in respect of the Sale Share on or after the Completion.

Consideration

The Consideration payable by the Purchaser to the Vendor for the Disposal is HK\$100,000, of which HK\$50,000, being a refundable deposit, shall be payable in cash upon execution of the Share Sale Agreement and the remaining HK\$50,000 shall be payable in cash upon the Completion, free from any set-off, counterclaim or other deduction of any nature whatsoever.

If all the conditions of the Share Sale Agreement shall not have been fulfilled (or waived by the Purchaser, as the case may be) on or before the Long Stop Date, the Purchaser (in addition to and without prejudice to any other claims, rights and remedies the Purchaser shall have) shall have the right by notice in writing to terminate and rescind the Share Sale Agreement and any payment of the Consideration (or any part thereof) shall be returned to the Purchaser within ten business days after the Long Stop Date.

The Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms and having taken into account (i) the unaudited consolidated net liabilities of the Target Group of HK\$2,518,000 as at 30 April 2026; (ii) the unaudited consolidated results of the Target Group for the recent two years ended 31 December 2024 and 31 December 2025, being loss of approximately HK\$4,906,000 and HK\$4,121,000 respectively; and (iii) the reasons set out in the section head "REASONS FOR AND BENEFITS OF THE DISPOSAL". As such, the Directors are of the view that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions precedent

The Completion is conditional upon the fulfillment (or waiver, as the case may be) of the following principal conditions:

- (a) all necessary consent, approval and authorisations (if any) by regulators pursuant to the Listing Rules and any other rules and regulations which may be applicable to the Disposal having been obtained by the Company (collectively, the "**Necessary Approvals**"), and such Necessary Approvals shall be valid and effective up to the juncture immediately prior to the Completion, and shall not be threatened with any withdrawal, revocation or cancellation at all times prior to the Completion;

- (b) the Shareholders having resolved at the EGM to be convened and held to consider and, if thought fit, approve the Share Sale Agreement and the transactions contemplated thereunder;
- (c) the representations and warranties by the Vendor as specified in the Share Sale Agreement remaining true, correct, valid, binding and effective up to the Completion; and;
- (d) the representations and warranties by the Purchaser as specified in the Share Sale Agreement remaining true, correct, valid, binding and effective up to the Completion.

The Purchaser may, at its sole and absolute discretion, by written notice to the Vendor, waive (in whole or in part) any of the conditions (c) referred to above. The Vendor shall procure the satisfaction of the conditions set out in above conditions as soon as reasonably practicable.

Completion of the Disposal

The Completion shall take place within 20 days from the date after the fulfilment and/or satisfaction (or waiver, as appropriate) of the conditions precedent of the Share Sale Agreement. The legal title of the Sale Share shall be transferred to the Purchaser on the same date of payment of the balance of the Consideration upon the Completion.

As at the date of the Share Sale Agreement, the Target Company is an indirect wholly-owned subsidiary of the Company. Upon the Completion, the Company will cease to have any interests in the Target Company and the financial results and assets and liabilities of the Target Company will no longer be consolidated into the consolidated financial statements of the Group.

INFORMATION ON THE PARTIES TO THE SHARE SALE AGREEMENT

The Vendor

The Vendor is a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company. The Vendor is principally engaged in processing and distribution of furniture and other wooden products.

The Purchaser

The Purchaser is a merchant in Hong Kong.

INFORMATION ON THE TARGET GROUP

The Target Company is a company incorporated under the laws of Hong Kong with limited liability and is wholly owned by the Vendor. The Target Company is principally engaged in investment holding. The Target Company directly holds the entire equity interest in Qingdao Jinhuifeng Wood Industry Co., Limited* (青島金惠豐木業有限公司), a company incorporated in the PRC with limited liability and is principally engaged in processing and distribution of wood products.

The unaudited consolidated revenue, net losses before and after taxation of the Target Group for each of the two years ended 31 December 2024 and 31 December 2025 are set out below:

	For the year ended 31 December 2025 <i>HK\$('000)</i> (approximately)	For the year ended 31 December 2024 <i>HK\$('000)</i> (approximately)
Revenue	156,058	321,996
Net loss before taxation	(3,599)	(1,434)
Net loss after taxation	(4,121)	(4,906)

The unaudited consolidated net liabilities of the Target Group as at 30 April 2026 was approximately HK\$2,518,000.

FINANCIAL EFFECTS AND USE OF PROCEEDS OF THE DISPOSAL

As a result of the Disposal, it is estimated that the Group will recognise a gain of approximately HK\$2.5 million which is calculated on the basis of the difference between the Consideration to be received by the Vendor and the unaudited consolidated net liabilities of the Target Group of HK\$2,518,000 as at 30 April 2026 and the estimated relevant fees and expenses in relation to the Disposal. The above financial impact is shown for illustrative purpose only and the actual gain or loss as a result of the Disposal will be subject to review and final audit by the auditors of the Company. The sale proceeds from the Disposal will be HK\$100,000 and the Company intends to use such proceeds to settle part of the relevant fees and expenses in relation to the Disposal.

REASONS FOR AND BENEFITS OF THE DISPOSAL

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) food and beverage business in the PRC.

Among the Group's wood-related businesses, the processing and distribution of furniture wood generally has a lower profit margin, whereas antique-style wood furniture and other wooden products are regarded by the Company as relatively higher-margin products. The Target Group's current business mainly involves the processing and distribution of pine/fir wooden products, which falls within this lower-margin segment. Such products are generally used as construction or general-purpose materials and are characterised by lower unit selling prices, a lower level of value-added processing and a higher degree of standardisation and substitutability as compared with finished furniture products or higher-end hardwood products. For the financial year ended 31 December 2025, the gross profit margin of the Target Group was approximately 2.9%.

Demand for the Target Group's pine/fir wooden products is closely linked to property development, construction and fit-out activities in the PRC. According to the National Bureau of Statistics of the PRC, during the five months ended 31 May 2026, national real estate development investment, new construction floor area, completed floor area and new commodity housing sales area decreased by 16.2%, 22.6%, 23.4% and 10.8% year-on-year, respectively, while retail sales of building and decoration materials and furniture by units above designated size also recorded year-on-year decreases. In view of the weak demand environment and the standardised and substitutable nature of pine/fir wooden products, market participants in this segment continue to face intense price competition and limited pricing power.

Having considered the above, the Directors consider that the Target Group operates in a business segment which is subject to challenging market conditions, limited margin potential and uncertain prospects. In light of this, the Company considers it commercially prudent to exit this lower-margin segment and preserve its financial and management resources for the maintenance and further development of the Group's retained wood-related businesses, including antique-style wood furniture and other higher value-added wooden products.

The retained wood-related businesses generally involve the sourcing of more premium timber, such as red mahogany wood, sandalwood or rosewood, and require a higher level of craftsmanship, product differentiation, marketing capability and relationship-building with higher-end clientele. As compared with the Target Group's pine/fir wood processing and distribution business, which is more closely linked to construction and general-purpose demand, the Company considers that the retained higher value-added wood-related businesses may be relatively less directly exposed to the property and construction market downturn.

Reference is also made to the announcement of the Company dated 18 June 2026 in relation to the Rights Issue. As disclosed in such announcement, assuming full subscription under the Rights Issue, the maximum amount of gross proceeds and net proceeds, after deducting related expenses, from the Rights Issue will be approximately HK\$76 million and HK\$74 million, respectively. The Company intends to apply, among others, approximately HK\$6 million (being approximately 8.1% of the net proceeds), for the marketing and promotion activities to support the Group's wood-related business, including the costs of marketing materials, trade shows and exhibitions.

The Board regards that the Disposal forms part of the Group's adjustment of its business development strategy to optimise its business structure by disposing of the lower-margin pine/fir wood processing and distribution segment and focusing its resources on the retained higher value-added wood-related businesses. The Group will continue to seek further business opportunities in the wood-related business and other business segment of the Group.

In light of the above, the Directors are of the view that the terms of the Share Sale Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal exceed 25% but all are less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

The EGM will be convened for the purpose of considering and, if thought fit, approving the Share Sale Agreement and the transactions contemplated thereunder.

Shareholders who have a material interest in the Share Sale Agreement and their close associates will be required to abstain from voting in respect of the resolution(s) to approve the Share Sale Agreement and the transactions contemplated thereunder at the EGM. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of the Share Sale Agreement, none of the Shareholders has a material interest in the Disposal and therefore, no Shareholder is required to abstain from voting on the resolution(s) at the EGM to approve the Share Sale Agreement and the transactions contemplated thereunder.

A circular containing, amongst other things, (i) further details of the Share Sale Agreement; (ii) other information as required to be disclosed under the Listing Rules; and (iii) a notice of the EGM to approve the Disposal, will be despatched to the Shareholders on or before 30 July 2026.

Completion of the Share Sale Agreement is subject to the fulfilment of certain conditions precedent and terms thereof, and therefore, may or may not take place. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	the board of Directors
“close associates”	has the meaning ascribed to it under the Listing Rules
“Company”	China Wood International Holding Co., Limited, an exempted company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1822)
“Completion”	the completion of the Disposal, which shall take place within 20 days from the date after the fulfilment and/or satisfaction (or waiver, as appropriate) of the conditions precedent of the Share Sale Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration of the Disposal, being HK\$100,000
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Share
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Share Sale Agreement and the transactions contemplated thereunder

“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 October 2026 (or such other date as the Purchaser and the Vendor may agree from time to time)
“PRC”	the People’s Republic of China
“Purchaser”	Yang Lei (楊蕾), a merchant in Hong Kong
“Rights Issue”	the proposed issue of up to 986,898,680 rights shares at the subscription price of HK\$0.077 per rights share on the basis of one (1) rights share for every one (1) Share held at the close of business on the record date payable in full on acceptance
“Sale Share”	one share of the Target Company, representing 100% of the issued share capital of the Target Company
“Share Sale Agreement”	the share sale agreement dated 9 July 2026 entered into between the Vendor and the Purchase in relation to the Disposal
“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Shares from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Asia Pacific Forestry Development (HK) Limited, a company incorporated under the laws of Hong Kong with limited liability and is wholly owned by the Vendor as at the date of the Share Sale Agreement

“Target Group”	the Target Company and its subsidiary
“Vendor”	Fame Steps Limited, a direct wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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, 9 July 2026

As at the date of this announcement, the Board comprises Mr. Lyu NingJiang (Chairman and CEO) and Ms. Ng Lai Ha as executive directors; Mr. Hu YongGang as non-executive director; and Mr. Chan Lik Shan, Mr. So Yin Wai and Mr. Pang MingLi as independent non-executive directors.

** for identification purpose only*