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China Wood Optimization (Holding) Limited

中國優材(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1885)

INSIDE INFORMATION

FURTHER INFORMATION REGARDING THE DELAY IN PUBLICATION OF THE 2020 ANNUAL RESULTS AND DELAY IN DESPATCH OF THE 2020 ANNUAL REPORT

This announcement is made by China Wood Optimization (Holding) Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to rules 13.09(2)(a) and 13.49(3)(i) of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Reference is made to the announcement of the Company dated 19 March 2021, 30 March 2021, 30 April 2021 and 3 June 2021 in relation to, among others, the progress in publication of 2020 Annual Results. Capitalised terms used in this announcement have the same meanings as defined in the announcement of the Company dated 30 March 2021, 30 April 2021 and 3 June 2021 unless otherwise stated.

The Board would like to provide further information about the Investigation to the Shareholders and potential investors of the Company. Based on the information currently available to the Company, the Investigation relates the investigation by a government authority in the PRC (the “**Authority**”) against a former solid wood supplier of the Group (the “**Former Supplier**”) and a former shareholder of a subsidiary of the Company (the “**Former Shareholder**”) who is one of the beneficial owner of the Former Supplier. The Former Supplier had supplied poplar logs to the Group during the period between 2010 to 2013, and had ceased to be a supplier of the Group since July 2013.

According to the Authority, the Group has only been requested by the Authority to assist in the Investigation, rather than the subject of the Investigation. As a result of the Investigation, two offices of the Group in Shijiazhuang, Hebei Province, the PRC were under on-site investigation by the Authority, and five out of nineteen bank accounts of the Group in the PRC have been frozen.

In respect of the status of the two offices of the Group in Shijiazhuang, Hebei Province, the PRC, such offices were mainly used for storage of administrative documents (such as loan agreements, construction and maintenance agreements and accounting records (prior to 2020) of the Group). As such, the on-site investigation by the Authority of the two offices do not have any material adverse impact on the daily business operations of the Group. As at the date of this announcement, the two offices were still under on-site investigation by the Authority.

As at 4 June 2021, the total balances of the five bank accounts of the Group in the PRC that have been frozen were approximately RMB31.3 million. The Company considers that such do not have any material adverse impact on the daily business operations and financial positions of the Group as the Group has sufficient working capital for meeting the requirements for its daily business operations. Furthermore, the Group is expected to obtain new banking facilities by end of July 2021 for its business operations.

The Group has not been informed by the Authority as to details of the Investigation, and as to the reasons why the Group’s offices and bank accounts are involved. None of the Directors, the Company or any of its subsidiaries and the Company’s connected persons are the subjects of the Investigation.

The Board wishes to state that the Investigation has not resulted in, and is not expected to have, any material adverse impact on the daily business operations and financial positions of the Group.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
China Wood Optimization (Holding) Limited
Yim Tsun
Chairlady

Hong Kong, 15 June 2021

As at the date of this announcement, the executive Directors are Ms. Yim Tsun and Mr. Li Li; and the independent non-executive Directors are Mr. Zhang Dali, Mr. Pu Junwen and Mr. Lau Ying Kit.