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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)

**(1) CHANGE OF AUDITOR;
(2) UPDATE IN THE PROGRESS IN PUBLICATION OF
PUBLICATION OF THE 2020 ANNUAL RESULTS AND
SUBSEQUENT PERIODS**

This announcement is made by the board (the “**Board**”) of directors (the “**Directors**”) of China Wood Optimization (Holding) Limited (the “**Company**”) pursuant to Rules 13.51(4) and 13.09(2)(a) 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 announcements of the Company dated 19 March 2021, 30 March 2021, 30 April 2021, 3 June 2021, 15 June 2021, 17 June 2021, 28 June 2021, 20 August 2021, 28 September 2021, 26 November 2021, 31 March 2022, 30 June 2022 and 30 September 2022 in relation to, among others, the progress in publication of 2020 Annual Results, 2021 Interim Results, 2021 Annual Results and 2022 Interim Results (the “**Announcements**”). Capitalised terms used in this announcement have the same meanings as defined in the Announcements unless otherwise stated.

RESIGNATION OF AUDITOR

The Board hereby announces that KPMG has resigned as the auditor of the Company with effect from 28 November 2022 (the “**Resignation**”). As indicated in its resignation letter, during the audit of the Group’s consolidated financial statements for the year ended 31 December 2020, KPMG has identified a number of matters requiring explanations, information and/or supporting documents. The matters relate to the impact to the Group of the Investigation being conducted by the Authority; the impairment provisions for long-lived assets, inventories and receivables; and the material uncertainty on the Company’s ability to continue as a going concern.

The above matters were communicated by KPMG to the Board and audit committee of the Board in its letters dated 30 April 2021 and 17 November 2022. The Group’s management has not yet provided the requested information, explanations and/or related supporting documents, which remain outstanding as at the date of KPMG’s resignation. Accordingly, KPMG was unable to proceed further with the audit of the Group’s consolidated financial statements for the year ended 31 December 2020 and decided to resign as the auditor of the Company.

The Company is incorporated under the laws of the Cayman Islands and to the knowledge of the Board there is no requirement under the laws of the Cayman Islands for the resigning auditor to confirm whether or not there is any circumstance connected with their resignation which they consider should be brought to the attention of the Company’s members and creditors. The Board and the audit committee of the Company (“**Audit Committee**”) have also confirmed that, save as disclosed above, there are no other matters in respect of the change of auditor which should be brought to the attention of the Shareholders.

The Board would like to take this opportunity to express its sincere gratitude to KPMG for its professional and quality services rendered to the Group in the past years.

APPOINTMENT OF AUDITOR

The Board believes that it is in the best interest of the Company and the Shareholders to proceed and complete the audit of the consolidated financial statements of the Company for 31 December 2020 and 2021 and to apply for resumption of trading in Shares on the Stock Exchange as soon as possible.

The Board, with the recommendation of the Audit Committee, resolved to appoint Zhonghui Anda CPA Limited (“**Zhonghui**”) as the auditor of the Company with effect from 28 November 2022 to fill the casual vacancy following the resignation of KPMG as auditor of the Company, and to hold office until the conclusion of the next annual general meeting of the Company.

UPDATE IN THE PROGRESS IN PUBLICATION OF PUBLICATION OF THE 2020 ANNUAL RESULTS AND SUBSEQUENT PERIODS

As previously announced by the Company, due to the outbreak of the Epidemic, the progress of certain audit field works in the PRC for the 2020 Annual Results have been disrupted by the work suspension and travel restrictions in force in Hebei of the PRC to combat the outbreak of the Epidemic during the period from January 2021 to early March 2021. Furthermore, since April 2021, the Group has been involved in the Investigation by the Authority against one of the Former Supplier and Former Shareholder whereby the Investigation involved on-site investigation at two of the Group’s offices in Shijiazhuang, Hebei Province, which restricted the Company’s auditors from accessing the Group’s accounting records and completing their audit works, and in turn prevented the Company from publishing its 2020 Annual Results, 2021 Interim Results, 2021 Annual Results and 2022 Interim Results. The Company was informed by the Authority on 2 November 2022 that it has agreed to allow access by the Company and its auditors of the accounting records of the Group for audit purpose. As a result, Zhonghui will be able to commence its audit field works, will have access of the accounting records of the Group for audit purpose, and will be able to formulate and ascertain the timeline required for completing its audit so that the Company can publish its outstanding financial results.

The Company will publish further announcement as and when appropriate to inform the Shareholders and potential investors of the date of publication of the 2020 Annual Results, 2021 Interim Results, 2021 Annual Results and 2022 Interim Results once a concrete timetable has been ascertained by Zhonghui.

CONTINUED SUSPENSION OF TRADING

As a result of the delay in publication of the 2020 Annual Results, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2021 and will remain suspended until further notice.

Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

By Order of the Board
China Wood Optimization (Holding) Limited
Li Li
Executive Director

Hong Kong, 28 November 2022

As at the date of this announcement, the Board comprises one executive Director, namely Mr. Li Li; one non-executive Director, namely Ms. Chan Pui Sze and three independent non-executive Directors, namely Mr. Chen Wandong, Mr. Qian Ze and Ms. Hu Xiaoyun.