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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: 8099)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the “Directors”) of China Wood Optimization (Holding) Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2013, operating results of the Group were as follows:

- Turnover reached about RMB481.3 million (2012: RMB270.5 million), representing an increase of 77.9% from last year;
- Profit for the year amounted to about RMB53.1 million (2012: RMB39.2 million), representing an increase of 35.5% from last year;
- Basic earnings per share for the year based on weighted average number of ordinary shares of about 745,035,000 shares (2012: 669,360,000 shares) in issue was RMB7.1 cents (2012: RMB5.9 cents);
- Diluted earnings per share for the year based on weighted average number of ordinary shares of about 745,035,000 shares (2012: 669,360,000 shares) in issue was RMB7.1 cents (2012: RMB5.9 cents); and
- The Directors do not recommend the payment of a final dividend for the year ended 31 December 2013 (2012: Nil).

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

The board of Directors (the “Board”) of the Company is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2013 together with the comparative figures for the preceding financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2013

(Expressed in Renminbi (“RMB”))

	<i>Note</i>	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Turnover	5	481,285	270,521
Cost of sales		<u>(340,265)</u>	<u>(179,653)</u>
Gross profit	5	141,020	90,868
Other revenue		1,172	810
Other net income/(loss)		270	(204)
Selling expenses		(3,832)	(2,055)
Administrative expenses		<u>(58,258)</u>	<u>(27,451)</u>
Profit from operations		80,372	61,968
Finance costs	6(a)	<u>(18,862)</u>	<u>(15,935)</u>
Profit before taxation	6	61,510	46,033
Income tax	7	<u>(8,381)</u>	<u>(6,838)</u>
Profit attributable to equity shareholders of the Company for the year		<u>53,129</u>	<u>39,195</u>
Earnings per share			
— Basic and diluted (RMB)	8	<u>0.071</u>	<u>0.059</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

For the year ended 31 December 2013

(Expressed in RMB)

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Profit for the year	53,129	39,195
Other comprehensive income for the year (before and after tax)		
Items that may be reclassified subsequently to profit or loss:		
— Exchange differences on translation into presentation currency	<u>258</u>	<u>(81)</u>
Total comprehensive income attributable to equity shareholders of the Company for the year	<u>53,387</u>	<u>39,114</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

(Expressed in RMB)

	<i>Note</i>	2013 RMB'000	2012 RMB'000
Non-current assets			
Property, plant and equipment		200,792	198,036
Investment properties		8,776	9,231
Lease prepayments		16,078	15,757
Intangible asset		78	108
Deferred tax assets		837	317
		<u>226,561</u>	<u>223,449</u>
Current assets			
Inventories		83,804	68,154
Trade receivables	9	11,859	–
Prepayments, deposits and other receivables		20,519	57,580
Prepaid income tax		–	272
Cash and cash equivalents		67,788	4,554
		<u>183,970</u>	<u>130,560</u>
Current liabilities			
Trade payables	10	1,453	8,313
Receipts in advance		183	11,157
Accrued expenses and other payables		27,451	126,903
Bank and other loans		149,660	145,000
Income tax payable		2,472	–
		<u>181,219</u>	<u>291,373</u>
Net current assets/(liabilities)		<u>2,751</u>	<u>(160,813)</u>
Total assets less current liabilities		<u>229,312</u>	<u>62,636</u>
Non-current liabilities			
Bank and other loans		<u>28,000</u>	<u>–</u>
NET ASSETS		<u>201,312</u>	<u>62,636</u>
CAPITAL AND RESERVES			
Share capital	11	5,954	–
Reserves		195,358	62,636
TOTAL EQUITY		<u>201,312</u>	<u>62,636</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

(Expressed in RMB)

	Attributable to equity shareholders of the Company						Total equity RMB'000
	Share capital RMB'000 <i>(Note 11(b))</i>	Share premium RMB'000	Other reserve RMB'000	Statutory reserves RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	
Balance at 1 January 2012	–	–	10,030	2,301	–	21,191	33,522
Changes in equity for 2012:							
Profit for the year	–	–	–	–	–	39,195	39,195
Other comprehensive income	–	–	–	–	(81)	–	(81)
Total comprehensive income	–	–	–	–	(81)	39,195	39,114
Issuance of share <i>(Note 11(b)(ii))</i>	–	–	–	–	–	–	–
Effect on equity arising from a group reorganisation	–	–	(10,000)	–	–	–	(10,000)
Appropriation to reserves	–	–	–	4,269	–	(4,269)	–
	–	–	(10,000)	4,269	–	(4,269)	(10,000)
At 31 December 2012	–	–	30	6,570	(81)	56,117	62,636
At 1 January 2013	–	–	30	6,570	(81)	56,117	62,636
Changes in equity for 2013:							
Profit for the year	–	–	–	–	–	53,129	53,129
Other comprehensive income	–	–	–	–	258	–	258
Total comprehensive income	–	–	–	–	258	53,129	53,387
Issuance of shares <i>(Note 11(b)(iii))</i>	1	85,288	–	–	–	–	85,289
Capitalisation issue <i>(Note 11(b)(iv))</i>	5,953	(5,953)	–	–	–	–	–
Appropriation to reserves	–	–	–	6,655	–	(6,655)	–
	5,954	79,335	–	6,655	–	(6,655)	85,289
At 31 December 2013	5,954	79,335	30	13,225	177	102,591	201,312

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

1 CORPORATE INFORMATION

China Wood Optimization (Holding) Limited (the “Company”) was incorporated in the Cayman Islands on 6 June 2012 as an exempted company with limited liability under the Companies Law (as revised) of the Cayman Islands as amended, supplemented or otherwise modified from time to time. The shares of the Company were listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 6 January 2014. The consolidated financial statements of the Company as at and for the year ended 31 December 2013 comprise the Company and its subsidiaries (collectively referred to as the “Group”). The principal activities of the Group are the processing, production and sale of wooden products.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“IASs”) and related Interpretations issued by the International Accounting Standards Board (the “IASB”), and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 4 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

3 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2013 comprise the Group.

The Company was incorporated in the Cayman Islands on 6 June 2012 as part of the group reorganisation (the “Reorganisation”) undertaken by the Group in preparation of the Company’s listing on the Stock Exchange. Pursuant to the Reorganisation, the Company became the holding company of the companies now comprising the Group on 25 September 2012. Because the Company and the remaining companies comprising the Group were controlled by the same equity shareholder (the “Controlling Shareholder”) before and after the Reorganisation and, consequently there was a continuation of the risks and benefits to the Controlling Shareholder, the consolidated financial statements for the year ended 31 December 2012, which comprise the Company and its subsidiaries, have been prepared using the merger basis of accounting as if the group structure pursuant to the completion of the Reorganisation had been in existence from 1 January 2012 to 31 December 2012 (or where the companies were incorporated at a date later than 1 January 2012, for the period from their respective incorporation dates to 31 December 2012). The relevant assets and liabilities of the companies comprising the Group are consolidated using the book values from the Controlling Shareholder’s perspective.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4 CHANGES IN ACCOUNTING POLICIES

The IASB has issued a number of new IFRSs and amendments to IFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to IAS 1, *Presentation of financial statements — Presentation of items of other comprehensive income*
- IFRS 10, *Consolidated financial statements*
- IFRS 12, *Disclosure of interests in other entities*
- IFRS 13, *Fair value measurement*
- Amendments to IFRS 7 — *Disclosures — Offsetting financial assets and financial liabilities*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of new or amended IFRSs are discussed below:

Amendments to IAS 1, Presentation of financial statements — Presentation of items of other comprehensive income

The amendments require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The presentation of other comprehensive income in the consolidated statement of profit or loss and other comprehensive income in these financial statements has been modified accordingly. In addition, the Group has chosen to use the new titles “statement of profit or loss” and “statement of profit or loss and other comprehensive income” as introduced by the amendments in these financial statements.

IFRS 10, Consolidated financial statements

IFRS 10 replaces the requirements in IAS 27, *Consolidated and separate financial statements*, relating to the preparation of consolidated financial statements and SIC 12, *Consolidation — Special purpose entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

IFRS 12, Disclosure of interests in other entities

IFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by IFRS 12 are generally more extensive than those previously required by the respective standards. To the extent that the requirements are applicable to the Group, the Group does not have to make additional disclosures about its interests in other entities in these financial statements.

IFRS 13, Fair value measurement

IFRS 13 replaces existing guidance in individual IFRSs with a single source of fair value measurement guidance. IFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. The adoption of IFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

Amendments to IFRS 7 — Disclosures — Offsetting financial assets and financial liabilities

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32, *Financial instruments: Presentation*, and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with IAS 32.

The adoption of the amendments does not have an impact on these financial statements because the Group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of IFRS 7 during the periods presented.

5 TURNOVER AND SEGMENT REPORTING

(a) Turnover

The principal activities of the Group are the processing, production and sale of wooden products.

Turnover represents the sales value of goods supplied to customers, net of value added tax.

The Group's customer base includes two customers with whom transactions have exceeded 10% of the Group's turnover for the year ended 31 December 2013 (2012: four). Turnover from sales of wooden products to these customers amounted to RMB128,305,000 for the year ended 31 December 2013 (2012: RMB188,082,000), and arose from both product types in which the Group sells.

Further details regarding the Group's principal activities are disclosed below.

(b) Segment reporting

The Group manages its businesses by products. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments: Processed Wood Panels and Processed Finger Joint Wood Panels. No operating segments have been aggregated to form the following reportable segments.

- **Processed Wood Panels:** this segment produces and sells wooden panels which have gone through the Group's self-developed wood processing procedure, and also the shaving and sanding in accordance with the specifications of the customers.
- **Processed Finger Joint Wood Panels:** this segment sells wooden panels produce from the pressing and laminating cut-offs arise in the trimming process of the Processed Wood Panels.

(i) *Segment results*

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments. The measure used for reporting segment result is gross profit. No inter-segment sales have occurred for the years ended 31 December 2013 and 2012. The Group's other operating expenses, such as selling and administrative expenses, and assets and liabilities, including the sharing of technical know-how, are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, interest income and interest expenses is presented.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2013 and 2012 is set out below.

	Processed Wood Panels RMB'000	2013 Processed Finger Joint Wood Panels RMB'000	Total RMB'000
Turnover from external customers and reportable segment turnover	<u>390,414</u>	<u>90,871</u>	<u>481,285</u>
Reportable segment gross profit	<u>131,392</u>	<u>9,628</u>	<u>141,020</u>
	Processed Wood Panels RMB'000	2012 Processed Finger Joint Wood Panels RMB'000	Total RMB'000
Turnover from external customers and reportable segment turnover	<u>157,437</u>	<u>113,084</u>	<u>270,521</u>
Reportable segment gross profit	<u>66,437</u>	<u>24,431</u>	<u>90,868</u>

(ii) *Geographic information*

The Group's turnover is substantially generated from the sale of wooden products to customers in the People's Republic of China (the "PRC"). The Group's operating assets are substantially situated in the PRC. Accordingly, no segment analysis based on geographical locations of the customers and assets is provided.

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs:

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Interest on bank and other loans wholly repayable within five years	16,981	16,132
Bank charges and other finance costs	1,881	1,321
	<hr/>	<hr/>
Total borrowing costs	18,862	17,453
Less: interest expenses capitalised into property, plant and equipment*	–	(2,377)
	<hr/>	<hr/>
Net borrowing costs	18,862	15,076
Net foreign exchange loss	–	859
	<hr/>	<hr/>
	18,862	15,935
	<hr/> <hr/>	<hr/> <hr/>

* No borrowing costs have been capitalised for the year ended 31 December 2013 (2012: borrowing costs capitalised at 10.0% per annum).

(b) Staff costs:

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Salaries, wages and other benefits	19,051	14,612
Contributions to defined contribution retirement scheme	2,072	1,504
	<hr/>	<hr/>
	21,123	16,116
	<hr/> <hr/>	<hr/> <hr/>

(c) Other items:

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Depreciation and amortisation [#]	17,804	15,056
Operating lease charges in respect of plant and buildings	977	1,034
Auditors' remuneration		
— annual audit services	912	12
— audit service relate to the listing of the Company's shares on the Stock Exchange	2,025	1,500
Research and development costs	29,678	9,454
Cost of inventories [#]	340,265	179,653
	<hr/> <hr/>	<hr/> <hr/>

[#] Cost of inventories includes RMB25,706,000 for the year ended 31 December 2013 (2012: RMB23,914,000), relating to staff costs and depreciation and amortisation expenses, which amount is also included in the respective total amounts disclosed separately above or in Note 6(b) for each of these types of expenses.

7 INCOME TAX

(a) Income tax in the consolidated statement of profit or loss represents:

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Current taxation:		
— The PRC Corporate Income Tax	8,901	7,079
Deferred taxation:		
— Origination and reversal of temporary differences	(520)	(271)
— Effect on deferred tax balances resulting from a change in tax rate (<i>Note 7(b)(iv)</i>)	—	30
	<u>(520)</u>	<u>(241)</u>
	<u>8,381</u>	<u>6,838</u>

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Profit before taxation	<u>61,510</u>	<u>46,033</u>
Expected tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned (<i>Notes (i), (ii) and (iii)</i>)	15,970	12,160
Tax effect of non-deductible expenses	293	242
Tax effect of unused tax losses not recognised	1,149	—
Tax concessions (<i>Note (iv)</i>)	(9,031)	(5,594)
Effect on deferred tax balances resulting from a change in tax rate (<i>Note (iv)</i>)	—	30
Income tax	<u>8,381</u>	<u>6,838</u>

Notes:

- (i) The Company and the subsidiary of the Group incorporated in Hong Kong are subject to Hong Kong Profits Tax rate of 16.5% for the year ended 31 December 2013 (2012: 16.5%). No provision for Hong Kong Profits Tax has been made, as neither the Company nor the subsidiary of the Group incorporated in Hong Kong have assessable profits which are subject to Hong Kong Profits Tax for the year ended 31 December 2013 (2012: RMBNil).
- (ii) The Company and a subsidiary of the Group incorporated in the Cayman Islands and the British Virgin Islands, respectively, are not subject to any income tax pursuant to the rules and regulations of their respective countries of incorporation.
- (iii) The subsidiary of the Group established in the PRC is subject to the PRC Corporate Income Tax rate of 25% for the year ended 31 December 2013 (2012: 25%).
- (iv) In December 2012, the subsidiary of the Group established in the PRC obtained an approval from the tax bureau to be taxed as an advanced and new technology enterprise. Pursuant to the approval, this subsidiary is entitled to a preferential PRC Corporate Income Tax rate of 15% for a period of three years from 2012 to 2014. Accordingly, certain deferred tax assets and liabilities have been remeasured using the preferential PRC Corporate Income Tax rate of 15%. In addition to the preferential PRC Corporate Income Tax rate, this subsidiary is also entitled to an additional tax deductible allowance calculated at 50% of the qualified research and development costs incurred by this subsidiary commencing from the year ended 31 December 2012.

8 BASIC AND DILUTED EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share for the year ended 31 December 2013 is calculated based on the profit attributable to equity shareholders of the Company of RMB53,129,000 (2012: RMB39,195,000) and the weighted average of 745,035,000 ordinary shares (2012: 669,360,000 ordinary shares) in issue during the year, calculated as follows:

	2013 '000	2012 '000
Issued ordinary shares at 1 January	–	–
Effect of share issued on 6 June 2012 (<i>Note 11(b)(ii)</i>)	–	–
Effect of shares to the ultimate holding company issued on 23 January 2013 (<i>Note 11(b)(iii)</i>)	5	–
Effect of bonus element on the issuance of shares to the ultimate holding company on 23 January 2013 (<i>Note 11(b)(iii)</i>)	89	89
Effect of shares issued to other equity shareholder of the Company on 24 January 2013 (<i>Note 11(b)(iii)</i>)	5	–
Effect of capitalisation issue on 30 December 2013 (<i>Note 11(b)(iv)</i>)	744,936	669,271
	<hr/>	<hr/>
Weighted average number of ordinary shares at 31 December	745,035	669,360
	<hr/> <hr/>	<hr/> <hr/>

(b) Diluted earnings per share

There was no difference between basic and diluted earnings per share as the Company did not have any dilutive potential shares outstanding during the years ended 31 December 2013 and 2012.

9 TRADE RECEIVABLES

	2013 RMB'000	2012 RMB'000
Trade receivables from third parties	11,859	–
	<hr/> <hr/>	<hr/> <hr/>

All of the trade receivables are expected to be recovered within one year.

As of the end of the reporting period, the ageing analysis of trade receivables, based on the invoice date and net of allowance for doubtful debts, is as follows:

	2013 RMB'000	2012 RMB'000
Aged within 1 month, neither past due nor impaired	11,859	–
	<hr/> <hr/>	<hr/> <hr/>

Receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

For trade receivables, cash before delivery is generally required for all customers, where a credit period of 30 days may be granted to customers, depending on credit assessment carried out by management on an individual customer basis.

10 TRADE PAYABLES

	2013 RMB'000	2012 RMB'000
Trade payables to third parties	<u>1,453</u>	<u>8,313</u>

As of the end of the reporting period, the ageing analysis of trade payables, based on the maturity date, is as follows:

	2013 RMB'000	2012 RMB'000
Due within 1 month or on demand	<u>1,453</u>	<u>8,313</u>

All of the trade payables are expected to be settled within one year or are repayable on demand.

11 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year

The directors of the Company do not recommend the payment of a dividend for the year ended 31 December 2013 (2012: RMBNil).

(ii) Dividends payable to equity shareholder of the Company attributable to the previous financial year, approved during the year

The directors of the Company did not recommend the payment of a dividend for the year ended 31 December 2012 (2011: RMBNil).

(b) Share capital

	2013		2012	
	No. of shares	HK\$	No. of shares	HK\$
Authorised:				
Ordinary shares of Hong Kong Dollar ("HK\$")0.01 each (Note (i))	<u>10,000,000,000</u>	<u>100,000,000</u>	<u>38,000,000</u>	<u>380,000</u>
	2013		2012	
	No. of shares	RMB'000	No. of shares	RMB'000
Ordinary shares, Issued and fully paid:				
At 1 January	1	-	-	-
Issuance of share (Note (ii))	-	-	1	-
Issuance of shares by capitalisation of capital received in advance (Note (iii))	99,999	1	-	-
Capitalisation issue (Note (iv))	<u>749,900,000</u>	<u>5,953</u>	-	-
At 31 December	<u>750,000,000</u>	<u>5,954</u>	<u>1</u>	<u>-</u>

Notes:

(i) Authorised share capital

The Company was incorporated in the Cayman Islands on 6 June 2012 with an authorised share capital of HK\$380,000, comprising 38,000,000 ordinary shares of HK\$0.01 each.

On 20 December 2013, the equity shareholders of the Company resolved to increase the authorised ordinary share capital of the Company from 38,000,000 ordinary shares of HK\$0.01 each to 10,000,000,000 ordinary shares of HK\$0.01 each.

(ii) Issuance of share

On 6 June 2012, 1 share was issued and allotted at a consideration of HK\$0.01, which also represented the share capital of the Company as at 31 December 2012.

(iii) Issuance of shares by capitalisation of capital received in advance

On 23 January 2013, the Company issued 95,099 ordinary shares of HK\$0.01 each to Brilliant Plan Holdings Limited (“Brilliant Plan”), the ultimate holding company of the Company, and the capital received in advance of RMB46,512,000 from Brilliant Plan as at 31 December 2012 was capitalised as share capital and share premium of the Company.

On 24 January 2013, the Company issued 4,900 ordinary shares of HK\$0.01 each to Golden Cage Limited (“Golden Cage”), and the capital received in advance of RMB38,921,000 from Golden Cage as at 31 December 2012 was capitalised as share capital and share premium of the Company.

(iv) Capitalisation issue

Pursuant to the resolutions of the equity shareholders of the Company passed on 20 December 2013, the directors of the Company allotted and issued a total of 749,900,000 shares credited as fully paid at par to the equity shareholders whose names appeared on the register of members of the Company at the close of business on 30 December 2013 by way of capitalisation of the sum of HK\$7,499,000 standing to the credit of the share premium account of the Company, and these allotted and issued shares rank *pari passu* in all respects with the shares in issue.

12 EVENT AFTER THE REPORTING PERIOD

Listing and issuance of shares by way of placing

On 6 January 2014, the shares of the Company were listed on the Stock Exchange by way of placing, where 250,000,000 shares of HK\$0.01 each were issued and subscribed at a price of HK\$1.00 each.

MANAGEMENT DISCUSSIONS AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 December 2013, the Group continued to engage in the processing, manufacturing and sale of its Processed Wood Panels (as defined below) and Processed Finger Joint Wood Panels (as defined below).

Natural solid wood is well known for its hardness, endurance and natural wood grain and figure appearance, and is generally used in high-end products of furniture and indoor furnishing materials. However, natural solid wood is relatively costly, as driven by the massive demand for high quality products and the limited supply in the rise of awareness of natural forest protection.

All the Processed Wood Products are processed by the Group's processing procedure (the "Wood Processing Procedure"), by which raw wood panels pass through an impregnation procedure of the Group's own impregnation fluid made with biological synthetic resin technologies. The Group applies the Wood Processing Procedure to poplars, a fast-growing tree species that withstands long, cold winters and short summers. Since poplars have a relatively short growth cycle of about 7 to 10 years, the supply of poplars in the PRC is relatively abundant and stable. The Group's Wood Processing Procedure improves the hardness, shrinkage and swelling rate, density, deformation resistance, cracking resistance, anticorrosiveness, bending strength and elasticity of poplar wood. In addition, poplar logs and wood panels that have been processed through the Group's Wood Processing Procedures are strengthened in terms of moisture resistance and flame resistance. Natural wood grain and figure are also preserved in the end-products. After the Group's Wood Processing Procedure, poplar can be used as a substitute of natural solid woods such as American white oak and Manchurian ash with wide application in the field of furniture making and indoor furnishing.

For the year ended 31 December 2013, all the Group's Processed Wood Products were sold to its customers in the PRC. These customers mainly included manufacturers of floor planks and planks on stairs, manufacturers of furniture and wooden crates and wholesalers of wooden panels. As the Group understands, these wholesalers of wooden panels resold the Group's products to other wholesalers or manufacturers for the production of floor planks, wooden furniture, doors and window frames.

Processed Wood Panels

Processed wood panels ("Processed Wood Panels") are the Group's principal products which are principally made of poplar wood panels that have been processed by the Group's Wood Processing Procedure and then shaved, sanded and trimmed into strips of wood panels according to the dimension and other specifications specified by customers. The Group's Processed Wood Panels are generally used to produce floor planks and furniture.

The Group successfully launched the less-shaved Processed Wood Panels in early 2013. Production of less-shaved Processed Wood Panels involves lesser production processes and lower wastage of production materials.

Processed Finger Joint Wood Panels

Processed finger joint wood panels (“Processed Finger Joint Wood Panels”) are another major type of products of the Group. After the Wood Processing Procedure, Processed Wood Panels are trimmed into desired dimensions. Cut-offs and small pieces produced during the trimming process are laminated, pressed and further processed to form Processed Finger Joint Wood Panels. Processed Finger Joint Wood Panels are in the form of standard-sized boards of wooden panels, and are generally used to produce wooden furniture, doors and window frames.

FINANCIAL REVIEW

Turnover

The Group recorded an increase in its turnover by about RMB210.8 million or 77.9% from about RMB270.5 million in 2012 to about RMB481.3 million in 2013. The increase in turnover in 2013 was mainly attributable to the increase in market acceptance and demand of the Group’s products from its customers, which were driven by the growth of PRC economy, the increasing demand of solid wood in the PRC and the launch of the Group’s less-shaved Processed Wood Panels in early 2013 which gained market acceptance and demands since it was launched. The increase in the Group’s turnover was also attributable to the commencement of operation of the Group’s new additional production facilities in 2012 which greatly enhanced the Group’s production capacity for the whole year of 2013.

TURNOVER BY SEGMENT

Analysis of turnover by segment is as follows:

	Year ended 31 December					
	2013			2012		
	<i>Volume</i>			<i>Volume</i>		
	<i>(m³)</i>	<i>RMB’000</i>	<i>%</i>	<i>(m³)</i>	<i>RMB’000</i>	<i>%</i>
Processed Wood Panels	102,443	390,414	81.1	35,469	157,437	58.2
Processed Finger Joint Wood Panels	22,145	90,871	18.9	27,435	113,084	41.8
	124,588	481,285	100.0	62,904	270,521	100.0

Analysis of average selling price per cubic meter of the Group’s products is as follows:

	2013	2012
	RMB	RMB
Processed Wood Panels	3,811	4,439
Processed Finger Joint Wood Panels	4,103	4,122
Overall average	3,863	4,301

Processed Wood Panels

Turnover from sales of Processed Wood Panels increased substantially by about RMB233.0 million or 148.0% from about RMB157.4 million in 2012 to about RMB390.4 million in 2013. The substantial increase in sales of Processed Wood Panels was primarily due to the increasing market acceptance and demands of the Group's Processed Wood Panels, the production of which involves lesser production processes and lower wastage of production materials as compared to Processed Finger Joint Wood Panels. As a result of the reasons mentioned above, the percentage of sales of Processed Wood Products increased from about 58.2% in 2012 to about 81.1% in 2013. It was also the intention of the Group to promote the sales of Processed Wood Panels which had a higher profit margin than that of the Processed Finger Joint Wood Panels.

Although the sales of Processed Wood Panels recorded a substantial increase in 2013, the average selling price of the Group's Processed Wood Panels decreased from about RMB4,439 per cubic meter in 2012 to about RMB3,811 per cubic meter in 2013. The decrease was mainly a result of the introduction of and offer to some of the Group's customers with the less-shaved Processed Wood Panels in 2013. In addition, as the production of less-shaved Processed Wood Panels involves lesser production processes, the average selling price of less-shaved Processed Wood Panels is generally lower than that of the traditional Processed Wood Panels. The combination of these factors resulted in the decrease of the average selling price of Processed Wood Panels for the year ended 31 December 2013.

Processed Finger Joint Wood Panels

Turnover from sales of Processed Finger Joint Wood Panels decreased by about 19.6% from RMB113.1 million in 2012 to RMB90.9 million in 2013. The decrease was mainly a result of the Group's intention to reduce the sales of the Group's Processed Finger Joint Wood Panels and the Group focused on the sales of Processed Wood Panels, as the production of Processed Wood Panels requires lesser production process that allows the Group to utilise its production capacity more efficiently. As the Group's production capacity was mainly used to produce Processed Wood Panels during the year, there was a decrease in sales of Processed Finger Joint Wood Panels in 2013.

As a combined effect of the Group's stock clearance sale in early 2013 and the general increase in the price of the Group's Processed Wood Products in the second half of 2013 due to the overall enhancement the quality of the Group's products, the average selling price of the Processed Finger Joint Wood Panels in 2013 was maintained at a similar level as in 2012.

Cost of Sales

Cost of sales of the Group increased by about RMB160.6 million or 89.4%, from about RMB179.7 million in 2012 to about RMB340.3 million in 2013. The increase was a combined effect of the general increase of the costs of wood and other production materials purchased in the PRC during the year, and the increase in the Group's total sales volume as discussed under the paragraph headed "Turnover" above.

Gross Profit

Gross profit of the Group increased by about 55.1% or RMB50.1 million from about RMB90.9 million in 2012 to about RMB141.0 million in 2013. The increase in gross profit of the Group was mainly attributable to the continual growth in the Group's turnover.

GROSS PROFIT MARGIN BY SEGMENT

The overall gross profit margin of the Group decreased from about 33.6% in 2012 to about 29.3% in 2013. Such decrease was mainly attributable to the decrease in the average selling price of the Group's Processed Wood Panels by about 14.1% in 2013 as compared with its average selling price thereof in 2012 and the increase in the cost of production materials. The decrease in the average selling price of the Group's Processed Wood Panels was mainly a result of the launch of the less-shaved Processed Wood Panels in early 2013, whereby the Group chose to adopt a competitive selling price for such product and not to pass on the increased costs to its customers in order to promote the sales and market acceptance of the Group's products.

Processed Wood Panels

Gross profit margin of Processed Wood Panels decreased from about 42.2% in 2012 to about 33.7% in 2013. Such decrease was mainly attributable to the increase in the cost of production materials and the decrease in the average selling price of Processed Wood Panels since the average selling price of the less-shaved Processed Wood Panels was lower since the launch of the less-shared processed wood Panels in early 2013, whereby the Group chose to adopt a competitive selling price in order to promote the sales and market acceptance.

Processed Finger Joint Wood Panels

Gross profit margin of Processed Wood Panels decreased from about 21.6% in 2012 to about 10.6% in 2013. Such decrease was mainly attributable to the increase in the costs of production materials.

The Group's Processed Finger Joint Wood Panels have a lower gross profit margin than Processed Wood Panels because they are made of cut-offs produced in the manufacturing processes of Processed Wood Panels, which are in irregular shapes and sizes. Processing these cut-offs requires more production processes, and more production materials and labour are consumed in the production process. Therefore, the average cost of sales per cubic meter of the Processed Finger Joint Wood Panels sold was higher than that of the Processed Wood Panels but the average selling price of the Processed Finger Joint Wood Panels is in generally lower than that of the traditional Processed Wood Panels which resulted in a lower gross profit margin.

Other Revenue

Other revenue principally represents the Group's rental income, income from government grants and interest income. Rental income represents income from leasing part of the Group's investment properties to an Independent Third Party, for a term of five years from February 2012. Government grants increased by RMB134,000 from RMB27,000 to RMB161,000 because the Group's received subsidies from Handan City Provincial Bureau of Forest (邯鄲市林業局及邯鄲市財政局) for the construction of wood processing facilities in 2013. Interest income represents income from the Group's bank deposits. The Group's interest income increased from RMB28,000 in 2012 to RMB148,000 in 2013 because of the increase in the Group's average bank balances for the year ended 31 December 2013.

Other Net Income/(loss)

The Group's other net income in 2013 principally represents the gain from sales of scrap materials. The Group's sales of scrap materials increased by about 125.0% or RMB150,000 from RMB120,000 in 2012 to RMB270,000 in 2013 which was a result of the increase in production volume of the Group's Processed Wood Panels to meet the increasing demand from its customers, that contributed to the increase in scrap materials produced from the production process. The Group recorded other net loss of RMB204,000 in 2012 which was mainly brought by a result of the loss on disposal of property, plant and equipment of about RMB324,000.

Selling Expenses

The Group's selling expenses increased by about 81.0% or RMB1.7 million from about RMB2.1 million in 2012 to about RMB3.8 million in 2013. Such increase was mainly attributable to the increase in staff costs, freight charge and advertising and promotion expenses. Staff costs increased by about RMB0.5 million from about RMB0.5 million in 2012 to about RMB1.0 million in 2013 was principally due to the increase in the number of the Group's sales and marketing staff from 11 as at 31 December 2012 to 22 as at 31 December 2013. The Group also incurred freight charges of about RMB0.5 million in 2013 as the costs of the transportation of the Group's exhibition materials in 2013. The Group's advertising and promotion expenses increased by about RMB0.7 million from about RMB0.7 million in 2012 to about RMB1.4 million in 2013 because the Group participated in more exhibitions with more product samples displayed in 2013.

Administrative Expenses

The Group's administrative expenses increased by about 112.0% or RMB30.8 million from about RMB27.5 million in 2012 to RMB58.3 million in 2013. The increase was principally due to the increase in staff costs, professional fee, research and development expenses and other taxes expenses. The staff costs increased from about RMB3.4 million in 2012 to about RMB6.0 million in 2013 which was mainly due to the increase in the Group's number of administrative and financial staff from 65 staff as at 31 December 2012 to 89 staff as at 31 December 2013 as a result of the Group's business expansion and that certain senior management staff were employed for the preparation of listing of the Company's shares on the GEM of the Stock Exchange (the "Listing"). The Group's professional fee spent increased by

about RMB5.3 million from about RMB5.3 million in 2012 to about RMB10.6 million in 2013 was primarily due to the increase in the incurrence of the expenses for the Listing. The Group's research and development expenses increased by about RMB20.2 million from about RMB9.5 million in 2012 to about RMB29.7 million in 2013 as the Group had four research and development projects in 2013 and the consumption of research raw materials for these research projects was generally higher than that of the research projects conducted in 2012. The increase in the Group's other taxes expenses by about RMB2.3 million from about RMB2.0 million in 2012 to about RMB4.3 million in 2013 was principally due to the increase in the land use tax and property tax in 2013 as a result of the completion of the construction of the Group's additional production facilities in its production plant in the first half of 2012 and the substantial increase in sales tax surcharges as a result of the substantial increase in value-added tax paid in 2013.

The increase as discussed above was partly off-set by the decrease in the Group's travelling and meeting expenses by about RMB1.0 million. The decrease in the Group's travelling and meeting expenses was mainly due to the use of the Group's own conference room for holding conference in 2013 as compared to the use of third parties' venue in 2012.

Finance Costs

The Group's finance cost increased from about RMB15.9 million in 2012 to about RMB18.9 million in 2013. The increase was mainly attributable to the capitalisation of interest expenses of about RMB2.4 million into property, plant and equipment in respect of the bank loans borrowed for the construction of the Group's additional production facilities in 2012. Since there was no such construction of production facilities in 2013, no interest expense was capitalised.

Income Tax Expenses

The Group's income tax expenses increased from about RMB6.8 million in 2012 to about RMB8.4 million in 2013. The increase was primarily attributable to the increase in profit before taxation from about RMB46.0 million in 2012 to about RMB61.5 million in 2013 which was partially offset by the increase in tax concession of Hebei AMS Wood Processing Co., Ltd. (河北愛美森木材加工有限公司), a subsidiary of the Company, in 2013 as a result of more research and development expenses are entitled to the 50% additional tax deductible allowance.

Profit for the Year

As a combined result of the factors discussed above, the Group's profit for the year increased from about RMB39.2 million in 2012 to about RMB53.1 million in 2013. In addition, the Group's net profit margin decreased from about 14.5% in 2012 to about 11.0% in 2013. Such decrease was mainly due to the decrease in the Group's gross profit margin and the increase in administrative expenses in 2013.

LIQUIDITY AND FINANCIAL RESOURCES AND TREASURY POLICY

	As at 31 December	
	2013	2012
Current ratio	1.02	0.45
Gearing ratio*	1.03	4.34

* Calculated based on total debts at the end of the year divided by total equity at the end of the year. Total debts are defined to include payables incurred not in the ordinary course of business (total liabilities less trade payables and receipts in advance).

The current ratio of the Group as at 31 December 2013 was 1.02 times as compared to that of 0.45 times at 31 December 2012. The increase in current ratio was mainly due to the substantial increase in cash and cash equivalents from about RMB4.6 million in 2012 to RMB67.8 million in 2013 as a result of the substantial increase in sales and the substantial decrease in the Group's accrued expenses and other payables arising from the capitalisation of capital received in advance from the equity shareholders of our Company of about RMB85.4 million, in January 2013. The gearing ratio of the Group as at 31 December 2013 was about 1.03 as compared to that of 4.34 at 31 December 2012. Such decrease was primarily due to the enlarged equity base of our Company as a result of the increase in our accumulated profit in 2013 and the capitalisation of the capital received in advance from the equity shareholders of our Company above mentioned.

The Group's finance department closely monitors the Group's cash flow position to ensure the Group has sufficient working capital available to meet the operational needs. The finance department takes into account the trade receivables, trade payables, cash on hand, repayment of bank borrowings, administrative and capital expenditures to prepare the cash flow forecast to forecast the Group's future financial liquidity.

The Group generally finance its operations through a combination of owner's equity, internally generated cash flows and bank and other borrowings. After the Listing, the Group expects to finance the capital expenditure and operational requirements through internally generated cash flows, net proceeds from the placing of the Company's shares in Listing, cash reserve and bank and other borrowings.

CAPITAL COMMITMENTS

The Group had no capital commitments as at 31 December 2013 (2012: RMB284,000).

PLEDGE OF ASSETS

At 31 December 2013, the Group's property, plant and equipment, investment properties and lease carrying amount of about RMB162.9 million (2012: RMB96.5 million) and bank deposits with a carrying amount of about RMB2.0 million (2012: 4.5 million) were pledged to third parties or banks for bank borrowings.

CONTINGENT LIABILITY

The Group had no material contingent liabilities as at 31 December 2013 (2012: Nil).

MATERIAL ACQUISITIONS OR DISPOSALS

The Group had no material acquisitions or disposals of subsidiaries and affiliated companies in 2013.

Capital Structure

The Group's shares were successfully listed on GEM on 6 January 2014 (the "Listing Date). There has been no change in the capital structure of the Group since that Listing Date. The capital of the Group only comprises of ordinary shares.

Significant Investments

At 31 December 2013, there was no significant investment held by the Group (2012: Nil).

Foreign Currency Exposure

During 2013, the Group's monetary assets and transactions were mainly denominated in RMB and HK\$. Though the exchange rates between RMB and HK\$ are not pegged, there were relatively low level of fluctuation in exchange rates among RMB and HK\$. The management noted that the recent fluctuation in the exchange rate of RMB to HK\$ and is of the opinion that it does not currently have a material adverse impact on the Group's financial position. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

EMPLOYEES AND EMOLUMENT POLICY

The Group recognises the importance of good relationship with employees. The Directors believe that the working environment and benefits offered to employees have contributed to building good staff relations and retention. The Group continues to provide training for new staff and existing staff to enhance their technical knowledge. The Group also provides fire and production safety training to the production staff. The Directors believe such initiatives have contributed to increased productivity and efficiency.

The Group's remuneration policies are formulated based on the performance of individual employees and are reviewed regularly. Subject to the Group's profitability and the staff performance, the Group may also provide a discretionary bonus to employees as an incentive for their contribution to the Group. The primary goal of the remuneration policy with regard to the remuneration packages of the Group's executive Directors is to enable the Group to retain and motivate executive Directors by linking their compensation with performance as measured against corporate objectives achieved.

A remuneration committee is set up for reviewing the Group's emolument policy and structure of all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices.

The Company adopted the share option scheme of the Company (the "Share Option Scheme") to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

As at 31 December 2013, the Group employed 431 employees, the total staff costs amounted to RMB21.1 million (2012: RMB16.1 million). The Company maintains a Share Option Scheme for the purpose of providing incentives and rewards to the participants for their contributions to the Group. As at the date of this announcement, no option has been granted under the Share Option Scheme.

ADDITIONAL DISCLOSURES

Relocation of three office premises and a warehouse of the Group

As disclosed in the prospectus of the Company dated 30 December 2013 (the "Prospectus"), the Group leased four properties in the PRC. All the lease contracts have not been registered with relevant authorities in the PRC administration department, and for one of which the lessors failed to provide the building ownership certificate. Among the four leased properties, three were used as the Group's office premises and one was used as warehouse. In addition, the usage of the three leased office premises was inconsistent with the designated usage as stated in the building ownership certificates. As disclosed in the Prospectus, the leases of the three office premises should have expired/expire in February 2014, July 2015 and May 2015, respectively, while the lease of the warehouse should have expired in January 2014. As at the date of this announcement, the Group has relocated from the warehouse and one of the three office premises that such relevant leases have expired in January and February 2014, respectively. After the expiry of the lease of the warehouse above mentioned, the Group's warehouse was relocated to the new warehouse in the Group's production facility at Wei County, Handan City, Hebei Province. A new office was rented. The Group was able to register the lease agreement of the new office with relevant authority. The owner of that property was able to provide the Group with the building ownership certificate and the use of such property as office was not inconsistent with the designated usage as stated in the building ownership certificate. The Company will monitor the relocation of the remaining leased properties as early as practicable.

OUTLOOK

The Group intends to further promote the market recognition of its Processed Wood Products market in the PRC. To achieve this, the Group will continue to (1) expand its production capacity and integrated manufacturing operation; (2) expand the application spectrum and improving the quality of its Processed Wood Products; and (3) expand its sales network.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities from the Listing Date to the date of this announcement.

CORPORATE GOVERNANCE PRACTICES

The Board is of the view that the Company has complied with all applicable code provisions set out in the Corporate Governance Code (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules from the Listing Date up to the date of this announcement.

Further information on the Company's corporate governance practices will be set out in the Corporate Governance Report contained in the Company's annual report for the year ended 31 December 2013, which will be sent to the shareholders in due course.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE LISTED ISSUERS ("MODEL CODE")

The Company has adopted the Model Code set out in Appendix 15 to the GEM Listing Rules as the code of conduct governing dealings by all Directors in the securities of the Company on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Specific enquiries have been made with all Directors, who have confirmed that, from the Listing Date up to the date of this annual report, they were in compliance with the required provisions set out in the Model Code. All Directors declared that they have complied with the required standard of dealings as set out in the Model Code throughout the period from the Listing Date up to the date of this announcement.

DIVIDENDS

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2013 (2012: Nil).

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance to which the Company, its holding companies, or any of its subsidiaries was a party, and in which a Director had a material interest, subsisted at the end of the year or at any time during the year.

AUDIT COMMITTEE

The Company has established its audit committee on 20 December 2013 with terms of reference in compliance with the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control systems of the Group. The audit committee has three members comprising the Company's three independent non-executive Directors, namely Mr. Lau Ying Kit, Mr. Pu Junwen and Mr. Zhang Dali. The chairman of the audit committee is Mr. Lau Ying Kit. The Audit Committee has reviewed the consolidated results of the Group for the year ended 31 December 2013.

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

Hong Kong, 14 March 2014

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.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that, to the best of their knowledge and belief, (i) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and (ii) there are no other matters the omission of which would make any statement herein or in this announcement misleading. All opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least seven days from the date of its posting. This announcement will also be published on the website of the Company at www.chinawood.com.hk.

This announcement is prepared in both English and Chinese. In the event of inconsistency, the English text of the announcement shall prevail over the Chinese text.