

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **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)**

### **CHANGE IN USE OF PROCEEDS**

Reference is made to the prospectus of China Wood Optimization (Holding) Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) dated 30 December 2013 (the “**Prospectus**”) relating to the listing (the “**Listing**”) of the Company’s shares on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Prospectus.

The Board hereby announces the change in use of proceeds from the Placing (the “**Net Proceeds**”) in the revised manner as set out below:

#### **Intended use of the Net Proceeds**

- about 40.2% or HK\$84.4 million to be used for the enhancement of the Group’s production capacities by way of acquisition of advanced equipment, acquisition of a factory that possesses chemical processing ability that may assist the Group in the production of its impregnation fluid and a wood processing factory, and construction of a production plant.

It was expected that the acquisitions for a factory that possesses chemical processing ability and a wood processing factory will be completed during the six months ending 31 December 2014 and about HK\$31.3 million of the net proceeds from the Placing will be used.

#### **Changed use of the Net Proceeds**

- about HK\$31.3 million, which was previously planned for the acquisitions of a chemical factory and a wood processing factory, will be changed to finance the establishment of a new factory in Huaian, Jiangsu Province (江蘇省淮安市) (the “**Huaian Factory**”). The intended uses of the remaining of this 40.2% Net Proceeds remain unchanged.

## Intended use of the Net Proceeds

It was expected that about HK\$7.5 million and HK\$45.6 million of the net proceeds from the Placing will be used for the acquisition of advanced equipments and the construction of the Group's new production plant, respectively.

### *Note:*

The intended uses of other items of the Net Proceeds remain unchanged. For details of the Group's original intended use of proceeds, please refer to the section headed "Statement of business objectives and use of proceeds" in the Prospectus.

## Changed use of the Net Proceeds

## REASONS FOR CHANGE IN USE OF PROCEEDS

As disclosed in the Prospectus, the Group intended to acquire a factory that possesses chemical processing ability that may assist the Group in the production of impregnation fluid and a wood processing factory in 2014. The Group had approached several factories which possess chemical processing ability and wood processing capacity during the past few months but none of them can fulfill the Group's acquisition requirements. On 29 December 2014, the Group entered into an investment agreement ("**Agreement**") with the Administrative Committee of the Jiangsu Huaian Industrial Park (江蘇淮安工業園區管委會) ("**Administrative Committee**") to establish the Huaian Factory in Huaian, Jiangsu Province with a gross area of about 151,000 square meters. Under the Agreement, the Company is required to establish a subsidiary with relevant industrial and commerce authority in the industrial park within 15 days from the date of the Agreement. Within 10 days from the establishment of the subsidiary, the Group is required to pay a deposit of RMB1.0 million ("**Deposit**") to the Administrative Committee for leasing of a piece of land in the industrial park. The Deposit will be applied to set off the consideration of the lease, which will be determined after a listing-for-sale process (掛牌成交). The Agreement will become effective upon the payment of the Deposit. The first phase registered capital of the subsidiary is expected to be US\$35.0 million. In view of the required capital investment in the Huaian Factory, the Directors suggested to change the use of proceeds of about HK\$31.3 million, which was previously planned for the acquisition of a chemical factory and a wood processing factory, to finance the establishment of the Huaian Factory.

The Group will provide updates to its Shareholders and potential investors on the progress of the implementation of the Agreement.

## GEM LISTING RULES IMPLICATIONS

As the relevant percentage ratios calculated pursuant to Rule 19.07 of the GEM Listing Rules in respect of the payment of the Deposit does not exceed 5%, such payment does not fall under the category of the discloseable transactions of the Company under Chapter 19 of the GEM Listing Rules. The proposed payment of the Deposit is therefore exempt from disclosure and independent shareholders' approval requirements under the GEM Listing Rules.

The Board is of the view that there are no material changes in the nature of business objectives as set out in the Prospectus and that the change in the use of the Net Proceeds is in the interest of the Company and its shareholders as a whole, allowing the Group to further expand the business coverage for the future development of the Group.

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

Hong Kong, 9 January 2015

*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 Rules Governing the Listing of Securities on the Growth Enterprise Market (“GEM”) of the Stock Exchange 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.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://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](http://www.chinawood.com.hk).*