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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)

DISCLOSEABLE TRANSACTION ACQUISITION OF A PIECE OF LAND

The Board is pleased to announce that the Group has made a successful bid, through the listing-for-sale process, for the land use right of the Adjacent Land at a consideration of about RMB22.8 million.

The Group entered into another land use transfer contract with the Huai'an Land Resources Bureau for the acquisition of the Original Land at a consideration of about RMB12.5 million in December 2015, being within 12 months before the date of the Acquisition. As one of the applicable percentage ratios in respect of the Acquisition, as aggregated with the purchase of the Original Land, exceeds 5% but are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the notification and announcement requirements under the GEM Listing Rules.

INTRODUCTION

The Board is pleased to announce that the Group has made a successful bid, through the listing-for-sale process, for the land use right of the Adjacent Land at a consideration of about RMB22.8 million. The Huai'an Public Resources Exchange Centre (淮安市公共資源交易中心) has issued the Confirmation to the Group confirming that the Group has successfully bid for the right to acquire the Adjacent Land. The Adjacent Land is adjacent to the Original Land acquired by the Group in the same industrial park in December 2015.

DETAILS OF THE ACQUISITION OF THE ADJACENT LAND

Date of Confirmation	:	20 June 2016
Parties	:	(1) Huai'an Land Resources Bureau (as vendor) (2) Jiangsu AMS (as purchaser)
Land Grant Price	:	About RMB22.8 million.
Location of the Original Land	:	West of the Kunlun Road and the south of Longteng Road (昆倫路西側，龍騰路南側) in Huai'an Industrial Zone, Huai'an City, Jiangsu Province, the PRC.
Gross area	:	79,858 sq.m.
Term of the land use right	:	Pursuant to the information as set out in the Confirmation, the lease term of the Adjacent Land is 50 years for industrial purpose
Use and development of the Adjacent Land	:	The Adjacent Land shall be developed for industrial use, with the plot ratio not less than 1.0 but not more than 2.0, the green coverage ratio of not more than 15%, and the building density of not more than 40%.
Other principal term	:	Pursuant to the Confirmation, Jiangsu AMS will enter into a land use right transfer contract with the Huai'an Land Resources Bureau before 4 July 2016, failing which the Huai'an Land Resources Bureau will cancel the sale of the Adjacent Land.

LAND GRANT PRICE

The Land Grant Price was arrived at after a list-for-sale process. Such price was determined having taken into account the current property market conditions of Huai'an, Jiangsu Province, the PRC and the development potential of the Adjacent Land.

The Land Grant Price will be funded by the Group's internal resources.

INFORMATION OF THE GROUP

The Group is principally engaged in the processing, manufacturing and sale of Processed Wood Products in the PRC.

INFORMATION OF THE VENDOR

Huai'an Land Resources Bureau is a PRC governmental bureau in charge of the land resources in Huai'an City, Jiangsu Province, the PRC. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Huai'an Land Resources Bureau and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the processing, manufacturing and sale of Processed Wood Products in the PRC. In order to enhance the Group's production capacity of its Processed Wood Products, the Board has decided in late 2014 to construct its new production plant in Huai'an Industrial Zone in Jiangsu Province. The Group has selected Huai'an City as the location of its new production plant after detailed analysis and careful consideration. Jiangsu Province experienced rapid economic growth and enjoys convenient transportation access and an advantageous natural environment. Standing in the core area north of the Yangtze River in Jiangsu, Huai'an City is conveniently accessible with abundant forest resources, thereby making it one of the top industrialised cities regarding forestry in the PRC. Apart from adding momentum to the economic growth of Huai'an City, the new production plant will help to reduce the logistics costs of our customers in Eastern China and will facilitate the Group's market expansion across the whole country. Immediately after completion of the Acquisition of the Adjacent Land, which is adjacent to the Original Land, the Group will own an aggregate site area of about 125,000 sq.m. in Huai'an Industrial Zone for the construction of its existing production plant, with emphasis on energy conservation, production efficiency and high efficiency in the design of production processes, and the application of latest technology in place of some labour-intensive processes so as to reduce the Group's labour costs. The expected increase in the Group's production capacity of its Processed Wood Products also provide a solid backing for the Group to expand the application spectrum and market expansion.

The Directors (including the independent non-executive Directors) consider the Acquisition has been made on normal commercial terms and such terms are fair and reasonable and that the Acquisition is in the interest of the Company and its shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

The Group entered into another land use transfer contract with the Huai'an Land Resources Bureau for the acquisition of the Original Land at a consideration of about RMB12.5 million in December 2015, being within 12 months before the date of the Acquisition.

As one of the applicable percentage ratios in respect of the Acquisition, as aggregated with the purchase of the Original Land, exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the notification and announcement requirements under the GEM Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the land use rights of the Adjacent Land through the listing-for-sale process
“Adjacent Land”	the land acquired by Jiangsu AMS at the west of the Kunlun Road and the south of Longteng Road (昆倫路西側，龍騰路南側) in Huai’an Industrial Zone, Huai’an City, Jiangsu Province, the PRC, with a total site area of about 79,858 sq.m., which is adjacent to the Original Land
“Board”	the board of Directors of the Company
“Company”	China Wood Optimization (Holding) Limited (中國優材(控股)有限公司*), a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the GEM Board of the Stock Exchange
“Confirmation”	the legally binding letter between Jiangsu AMS and Huai’an Land Resources Bureau dated 20 June 2016 in connection with the Adjacent Land, confirming the terms of successful bid in the list-for-sale process
“Director(s)”	the director of the Company
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time
“Group”	The Company and its subsidiaries
“Huai’an Industrial Zone”	Jiangsu Huai’an Industrial Park (江蘇淮安工業園區)
“Huai’an Land Resources Bureau”	Huai’an Land Resources Bureau* (淮安市國土資源局)
“Jiangsu AMS”	Jiangsu AMS Wood Industry Company Limited (江蘇愛美森木業有限公司*), a limited liability company established in the PRC and an indirect wholly owned subsidiary of the Company
“Land Grant Price”	RMB22,759,000, being the price for the land use right of the Adjacent Land

“Original Land”	the land acquired by Jiangsu AMS at the west of the Kunlun Road and the south of Longteng Road (昆倫路西側，龍騰路南側) in Huai’an Industrial Zone, Huai’an, Jiangsu Province, the PRC, with a total site area of about 45,395 sq.m., which is adjacent to the Adjacent Land
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan Area
“Processed Wood Products”	processed wood panels and processed finger joint wood panels, products of the Group, which have been processed by the Group’s wood processing procedure
“RMB”	Renminbi, the lawful currency of the PRC

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

Hong Kong, 21 June 2016

The Chinese name of the entities incorporated in the PRC is the official name and the English name is the translation for identification purpose only.

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 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.