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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)

VOLUNTARY ANNOUNCEMENT
PROPOSED EXPANSION OF PRODUCTION FACILITIES OF
JIANGSU AMS

This is a voluntary announcement made by China Wood Optimization (Holding) Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to announce that the Group has intention to expand its existing production facilities of Jiangsu AMS Wood Industry Company Limited* (江蘇愛美森木業有限公司) (“**Jiangsu AMS**”) through constructing a new production factory nearby the existing production facilities of Jiangsu AMS (the “**Expansion Project**”).

It is expected that the total investment for the Expansion Project will be about RMB180 million, which includes the cost for, among others, acquisition of land and equipment and construction of the new production facilities. On 3 December 2019, the Company and Jiangsu Huai’an Industrial Park Management Committee* (江蘇淮安工業園區管理委員會) (“**Huai’an Management Committee**”) entered into a cooperation agreement (the “**Cooperation Agreement**”), pursuant to which the Company has agreed to pay a security deposit of RMB3 million as surety for the bidding for the acquisition of the land use right of a parcel of land in Jiangsu Huai’an in an auction to be organized and, if the Group succeeds in bidding for the land, for payment of part of the purchase price for the land use right. The security deposit will be refunded to the Group if it fails in its bidding for the relevant land use right. Furthermore, under the Cooperation Agreement, Huai’an Management Committee has agreed to, among others, render assistance in handling related approval procedures for, and the obtaining of all types of certificates, for the Expansion Project. The entering into the Cooperation Agreement allows the Group to gain assistance from Huai’an Management Committee for the development of the Expansion Project.

The Board wishes to emphasise that the acquisition of land use right and/or the approval for the necessary certificates for the Expansion Project may or may not materialize, as they are subject to the availability of land, relevant auction procedures and relevant government approvals. Accordingly, shareholders and prospective investors of the Company should exercise caution when dealing in the shares of the Company.

** denotes English translation of the name of a Chinese company, and is provided for identification purposes only.*

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

Hong Kong, 3 December 2019

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