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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)

ANNOUNCEMENT IN RELATION TO INSIDE INFORMATION AND UNDER RULE 13.19 OF THE LISTING RULES

This announcement is made by China Wood Optimization (Holding) Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) and Rule 13.19 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).

The Board wishes to inform the Shareholders that Jiangsu AMS Wood Industry Company Limited (江蘇愛美森木業有限公司)(“**Jiangsu AMS**”), a wholly-owned subsidiary of the Company, as borrower, has defaulted in repayment of bank loans to (i) Bank of Jiangsu Huai’an Branch (江蘇銀行股份有限公司淮安分行)(“**Jiangsu Bank**”) in the aggregate principal amount of RMB30.0 million; and (ii) Agricultural Bank of China Huai’an Qingjiangpu Sub-branch* (中國農業銀行股份有限公司淮安清江浦支行)(“**Agricultural Bank**”) in the aggregate principal amount of RMB17.48 million (collectively, the “**Loans**”). Jiangsu Bank has initiated legal proceedings against Jiangsu AMS for immediate repayment of the total principal amount of RMB30.0 million, the related interest and penalty interest. As for the Loans due to Agricultural Bank, the Group has not received any formal demand letters from such bank as at the date of this announcement.

The Group has been in negotiation with the relevant banks for the extension of the repayment date for the Loans for an extended period of not less than 12 months, negotiation of which is ongoing as at the date of this announcement. The Group has also been seeking for legal advice on this matter. Further announcement(s) in relation to, inter alia, any other material developments in connection with the default in repayment of the Loans will be made as and when appropriate.

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

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

Hong Kong, 21 December 2021

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.