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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)

QUARTERLY ANNOUNCEMENT

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 13.24A 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).

References are made to the announcements of the Company dated 19 March 2021, 30 March 2021, 30 April 2021, 3 June 2021, 15 June 2021 and 17 June 2021 in relation to, among others, the progress in publication of 2020 Annual Results (the “**Announcements**”). Capitalised terms used in this announcement have the same meanings as defined in the Announcements unless otherwise stated.

RESUMPTION GUIDANCE

On 15 June 2021, the Company received a letter from the Stock Exchange, in which the Stock Exchange set out the resumption guidance (the “**Resumption Guidance**”) to the Company. Please refer to the announcement of the Company dated 17 June 2021 for further details of the Resumption Guidance.

The Company is taking steps to comply with the Resumption Guidance and the said Listing Rules as stated in the Resumption Guidance and will keep the Shareholders and investors informed of any updates by making further announcement as and when appropriate.

UPDATES ON RESUMPTION PLAN OF THE GROUP AND PROGRESS OF RESUMPTION PLAN

In compliance with Rule 13.24A of the Listing Rules, the quarterly updates on the Company's development, and progress of the resumption of trading of the Shares are set out below.

Further delay in publication of 2020 Annual Results and dispatch of 2020 Annual Report

As announced by the Company, due to the outbreak of the Epidemic, the progress of certain audit field works in the PRC for the 2020 Annual Results have been disrupted by the work suspension and travel restrictions in force in Hebei of the PRC to combat the outbreak of the Epidemic during the period from January 2021 to early March 2021. Furthermore, since April 2021, the Group has been involved in the Investigation by the Authority against one of the Former Supplier and Former Shareholder whereby the Group has been requested by the Authority to assist in the Investigation. Please refer to the announcements of the Company dated 3 June 2021 and 15 June 2021 for further details on the Investigation. Up to the date of this announcement, the Investigation is still on going. While the Investigation has not resulted in, and is not expected to have, any material adverse impact on the daily business operations and financial positions of the Group, additional time is required by the Auditors to complete its audit procedures in respect of the 2020 Annual Results, which have been affected by the progress of the Investigation. The Board will continue to assess the impact of the Investigation on the operations and financial positions of the Group and/or the publication of the 2020 Annual Results, and will make further announcement as and when appropriate. As such, there will be a further delay in the publication of the 2020 Annual Results, and subject to the progress of the Investigation which is uncertain and not controllable by the Company, the Company expects to publish the 2020 Annual Results by end of August 2021. The despatch of the 2020 Annual Report to the Shareholders will be delayed to a date after the 2020 Annual Results has been published.

Updates on the business operations on the Group

The Company's principal business is the sale of its self-produced processed poplar wood panels as well as the provision of wood processing procedure services to customers who provide raw wood panels to the Group for processing. As at the date of this announcement, the Group's revenue was mainly derived from sale of its self-produced processed wood panels.

On the other hand, the Group has been in contact with other solid wood materials suppliers, such as pine wood, eucalyptus wood and birch wood suppliers and solid wood furniture manufacturers, hoping to expand the use of the Group's wood processing procedure services. In addition to the solid wood furniture market, the Group also tried to promote the use of pine wood panels processed by the Group for industrial use such as carriage flooring. A technical service contract on a small quantity of carriage flooring was entered into with a potential customer in May 2021. All these moves were aimed to expand the source of revenue of the Group in the foreseeable future.

The Board wishes to state that the operations of the Group have not been affected as a result of the above delay in publication of 2020 Annual Results.

The Company will publish further announcement(s) to inform the Shareholders and investors of material development of the business operations of the Group (if any) as and when appropriate.

CONTINUED SUSPENSION OF TRADING

As a result of the delay in publication of the 2020 Annual Results, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2021. The trading suspension will remain in force until the publication of the announcement in relation to the 2020 Annual Results by the Company.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 28 June 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.