
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold or transferred all your shares in **China Wood Optimization (Holding) Limited** (the “Company”), you should at once hand this circular together with the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, stockbroker or licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

**GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES,
RE-ELECTION OF DIRECTORS,
RE-APPOINTMENT OF AUDITORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting (the “AGM”) to be held at Unit 908A, 9/F., Shui On Centre, Nos. 6-8 Harbour Road, Wanchai, Hong Kong on Wednesday, 20 May 2020, at 2:00 p.m. is set out on pages 13 to 17 of this circular.

Whether or not you are able to attend the AGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company’s branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the AGM (i.e. by 2:00 p.m. on Monday, 18 May 2020) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof if you so wish.

References to time and dates in this circular are to Hong Kong time and dates.

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at Unit 908A, 9/F., Shui On Centre, Nos. 6-8 Harbour Road, Wanchai, Hong Kong on Wednesday, 20 May 2020, at 2:00 p.m.
“AGM Notice”	the notice convening the AGM set out on pages 13 to 17 of this circular
“Articles”	the amended and restated articles of association of the Company, as amended from time to time
“close associate(s)”	has the same meaning as defined in the Listing Rules
“Board”	the board of Directors
“Companies Law”	the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as amended, supplemented or otherwise modified from time to time
“Company”	China Wood Optimization (Holding) Limited (中國優材(控股)有限公司), an exempted company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the main board of the Stock Exchange
“core connected person(s)”	has the same meaning as defined in the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors to enable them to exercise all powers of the Company to allot, issue or otherwise deal with Shares of the Company as set out in resolution no. 5 of the AGM Notice
“Latest Practicable Date”	6 April 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum”	the amended and restated memorandum of association of the Company, as amended from time to time
“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors to enable them to exercise all powers of the Company to repurchase Shares of the Company as set out in resolution no. 6 of the AGM Notice
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong, as amended from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

LETTER FROM THE BOARD



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)

Executive Directors:

Ms. Yim Tsun (*Chairlady*)

Mr. Li Li (*Chief Executive Officer*)

Independent non-executive Directors:

Mr. Zhang Dali

Mr. Pu Junwen

Mr. Lau Ying Kit

Registered office:

Clifton House

75 Fort Street

P.O. Box 1350

Grand Cayman

KY1-1108

Cayman Islands

Principal place of business in Hong Kong:

Room 2204, 22/F

Harbour Centre

25 Harbour Road

Wanchai, Hong Kong

17 April 2020

To the Shareholders,

Dear Sir or Madam,

**GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES,
RE-ELECTION OF DIRECTORS,
RE-APPOINTMENT OF AUDITORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information regarding, among others, (i) the proposed renewal of the Issue Mandate, Repurchase Mandate and the extension of the Issue Mandate; (ii) the proposed re-election of the Directors; and (iii) the proposed re-appointment of auditors of the Company and to seek your approval of the resolutions relating to these matters at the AGM.

LETTER FROM THE BOARD

ISSUE MANDATE

At the annual general meeting of the Company held on 20 May 2019, a general mandate was granted to the Directors to issue new Shares. Such mandate will lapse at the conclusion of the AGM.

An ordinary resolution will be proposed at the AGM to grant to the Directors the Issue Mandate, details of which are set out in ordinary resolution no. 5 of the AGM Notice. The Shares which may be issued and allotted pursuant to the Issue Mandate is limited to a maximum of 20 per cent. of the number of issued Shares as at the date of passing of the resolution approving the Issue Mandate. On the basis that 1,000,000,000 Shares are in issue as at the Latest Practicable Date and no further Shares are issued or repurchased prior to the AGM, exercise in full of the Issue Mandate (without being extended by the number of Shares (if any) repurchased by the Company under the Repurchase Mandate) could result in up to 200,000,000 Shares being issued and allotted by the Company. The Issue Mandate will remain in effect until the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable laws of the Cayman Islands to be held; and (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

REPURCHASE MANDATE

At the annual general meeting of the Company held on 20 May 2019, a general mandate was granted to the Directors to exercise the powers of the Company to repurchase Shares. Such mandate will lapse at the conclusion of the AGM.

An ordinary resolution will be proposed at the AGM to grant to the Directors the Repurchase Mandate, details of which are set out in ordinary resolution no. 6 of the AGM Notice. The Shares which may be repurchased pursuant to the Repurchase Mandate is limited to a maximum of 10 per cent. of the number of issued Shares as at the date of passing of the resolution approving the Repurchase Mandate. The Repurchase Mandate will remain in effect until the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable laws of the Cayman Islands to be held; and (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

An explanatory statement as required under the Listing Rules, giving certain information to the Shareholders regarding the Repurchase Mandate to enable them to make an informed decision on whether to vote for or against the resolution approving the Repurchase Mandate, is set out in the Appendix I hereto.

LETTER FROM THE BOARD

EXTEND GENERAL MANDATE TO ISSUE SHARES

Subject to the passing of the resolutions to grant the Issue Mandate and the Repurchase Mandate, an ordinary resolution will be proposed at the AGM to extend the Issue Mandate by the addition to the total number of issued Shares which may be allotted or agreed conditionally or unconditionally by the Directors pursuant to such general mandates of an amount representing the total number of issued Shares repurchased by the Company pursuant to the Repurchase Mandate provided that such extended amount shall not exceed 10% of the total number of issued Shares as at the date of passing the resolution for approving the Issue Mandate, details of which are set out in ordinary resolution no.7 of the AGM Notice.

PROPOSED PAYMENT OF FINAL DIVIDEND

The Directors have recommended the payment of a final dividend of HK\$0.02 per Share for the year ended 31 December 2019, amounting to HK\$20 million. Subject to the approval of Shareholders at the AGM, the proposed final dividend will be paid to Shareholders whose names appear on the register of members of the Company at the close of business on Friday, 29 May 2020 and it is expected that the proposed final dividend will be paid on or around Wednesday, 10 June 2020.

RE-ELECTION OF THE DIRECTORS

As at the Latest Practicable Date, 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.

Pursuant to article 108(a) of the Articles, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

Accordingly, Mr. Zhang Dali and Mr. Lau Ying Kit, being the Directors to retire in rotation, will be eligible to offer themselves for re-election at the AGM.

In accordance with the nomination policy of the Company and the objective criteria (including without limitation, gender, age, ethnicity, cultural and educational background, professional experiences and knowledge) with due regard for the benefits of diversity, as set out under the board diversity policy of the Company, the nomination committee of the Company (the “Nomination Committee”) has reviewed the re-election of the Directors through:

- (a) evaluating the performance and contribution of the retiring Directors during the last financial year of the Company and the period thereafter up to the date of evaluation; and
- (b) assessing the independence of the independent non-executive Directors, being Mr. Zhang Dali and Mr. Lau Ying Kit, and considered whether they remained independent and suitable to continue to act in such roles.

LETTER FROM THE BOARD

After due evaluation and assessment, the Nomination Committee is of the opinion that:

- (a) the performance of the retiring Directors was satisfactory and contributed effectively to the operation of the Board; and
- (b) based on the information available to the Nomination Committee and the annual written independence confirmation received from the independent non-executive Directors, the Nomination Committee was satisfied that Mr. Zhang Dali and Mr. Lau Ying Kit
 - i. fulfill the requirements of an independent non-executive Director as stipulated under Rule 3.13 of the Listing Rules; and
 - ii. are the persons of integrity and independent in character and judgement.

Accordingly, the Nomination Committee recommended to the Board, and the Board has considered the re-election of Mr. Zhang Dali and Mr. Lau Ying Kit as the independent non-executive Directors, is in the best interests of the Company and the Shareholders as a whole and has resolved to propose to re-elect each of the retiring Directors at the AGM.

The Board, upon the recommendation of the nomination committee of the Company, has proposed the re-election of Mr. Zhang Dali and Mr. Lau Ying Kit as the Directors. Particulars of the Directors proposed to be re-elected in the AGM are set out in Appendix II of this circular.

RE-APPOINTMENT OF THE AUDITORS

KPMG will retire as the auditors of the Company at the AGM and, being eligible, offer themselves for re-appointment.

The Board proposed to re-appoint KPMG as the auditors of the Company and to hold office until the conclusion of the next annual general meeting of the Company.

ANNUAL GENERAL MEETING

The notice convening the AGM at which ordinary resolutions will be proposed to approve the Issue Mandate, the Repurchase Mandate and the extension of the Issue Mandate, the re-election of Directors and the re-appointment of auditors of the Company are set out on pages 13 to 17 of this circular. According to Rule 13.39(4) of the Listing Rules, the voting at the AGM will be taken by poll.

LETTER FROM THE BOARD

ACTIONS TO BE TAKEN

A form of proxy for the AGM is enclosed with this circular. Whether or not you intend to be present at the AGM, you are requested to complete the form of proxy and return it to the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the AGM (i.e. by 2:00 p.m. on Monday, 18 May 2020) or any adjournment thereof. The completion of a form of proxy will not preclude you from attending and voting at the AGM in person if you so wish.

RECOMMENDATION

The Directors believe that the grant of the Issue Mandate, the Repurchase Mandate and the extension of the Issue Mandate, the re-election of Directors and the re-appointment of auditors, referred to in this circular are in the best interests of the Company as well as its Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders should vote in favour of all the resolutions to be proposed at the AGM.

GENERAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

Yours faithfully,
On behalf of the Board
China Wood Optimization (Holding) Limited
Yim Tsun
Chairlady

This appendix serves as an explanatory statement, as required pursuant to Rule 10.06(1)(b) and other relevant provisions of the Listing Rules, to provide you with the requisite information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolution to approve the grant of the Repurchase Mandate.

1. LISTING RULES RELATING TO THE REPURCHASE OF SHARES

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their securities on the Stock Exchange and any other stock exchange on which securities of the company are listed and such exchange is recognised by the Securities and Futures Commission of Hong Kong subject to certain restrictions. Among such restrictions, the Listing Rules provide that the shares of such company must be fully paid up and all repurchases of shares by such company must be approved in advance by an ordinary resolution of shareholders, either by way of a general mandate or by specific approval of a particular transaction.

2. EXERCISE OF THE REPURCHASE MANDATE

On the basis that 1,000,000,000 Shares are in issue as at the Latest Practicable Date and no further Shares are issued or repurchased prior to the AGM, exercise in full of the Repurchase Mandate could result in up to 100,000,000 Shares being repurchased by the Company during the period from the date of passing of resolution no. 6 of the AGM Notice up to (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable laws of the Cayman Islands to be held; or (iii) the passing of an ordinary resolution by Shareholders in general meeting of the Company revoking or varying the Repurchase Mandate, whichever occurs first.

3. REASONS FOR REPURCHASE

The Directors believe that the Repurchase Mandate is in the best interests of the Company and the Shareholders as a whole. Repurchases of Shares will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders as a whole. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per Share.

4. FUNDING OF REPURCHASES

Repurchases made pursuant to the Repurchase Mandate would be funded out of funds legally available for the purpose in accordance with the Memorandum, the Articles, the Companies Law, other applicable laws of the Cayman Islands and the Listing Rules. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Under the Companies Law, repurchases by the Company may only be made out of profits of the Company or out of the proceeds of a fresh issue of Shares made for the purpose, or, if so authorised by the Articles and subject to the provisions of the Companies Law, out of capital.

Any premium payable on a redemption or purchase over the par value of the Shares to be purchased must be provided for out of profits of the Company or out of the Company's share premium account, or, if so authorised by the Articles and subject to the provisions of the Companies Law, out of capital.

Taking into account the current working capital position of the Company, the Directors consider that, if the Repurchase Mandate was to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of the Company as compared with the position as at 31 December 2019, being the date of its latest published audited financial statements. However, the Directors do not intend to make any repurchases to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing position of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

5. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

6. INTENTION TO SELL SHARES

None of the Directors and, to the best of their knowledge having made all reasonable enquiries, none of their respective close associates (as defined in the Listing Rules), have any present intention, in the event that the proposal on the Repurchase Mandate is approved by Shareholders, to sell Shares to the Company.

7. TAKEOVERS CODE AND MINIMUM PUBLIC HOLDING

If a Shareholder's proportionate interest in the voting rights of the Company increases on the Company exercising its powers to repurchase Shares pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code.

As a result, a Shareholder or group of Shareholders acting in concert (as defined in the Takeovers Code) could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, according to the register of members kept by the Company pursuant to section 336 of the SFO and so far as was known to, or could be ascertained after reasonable enquiry by the Directors, Brilliant Plan Holdings Limited was interested in approximately 67.32% of the issued shares of the Company. Brilliant Plan Holdings Limited is a controlled corporation of Ms. Yim Tsun, the chairlady of the Company.

Assuming that Brilliant Plan Holdings Limited will not dispose of its interests in the Shares nor will it acquire additional Shares, if the Repurchase Mandate was exercised in full, the percentage shareholding of Brilliant Plan Holdings Limited would be increased to approximately 74.81% of the issued shares of the Company.

On the basis of the shareholding interests of Brilliant Plan Holdings Limited in the Company, an exercise of the Repurchase Mandate in full would not result in it becoming obliged to make a mandatory offer under Rule 26 of the Takeovers Code. Save as disclosed above, the Directors are not aware of any Shareholder or group of Shareholders acting in concert, who may become obliged to make a mandatory offer under Rule 26 of the Takeovers Code as a consequence of any purchases made pursuant to the Repurchase Mandate.

In the event that the Repurchase Mandate is exercised in full, the number of Shares in the hands of public would not fall below the prescribed minimum percentage of 25%.

8. SHARE PURCHASED BY THE COMPANY

The Company has not purchased any of its Shares (whether on the Stock Exchange or otherwise) in the previous six months immediately preceding the Latest Practicable Date.

9. CORE CONNECTED PERSON

No core connected person (as defined in the Listing Rules) of the Company has notified the Company that he/she/it has a present intention to sell Shares to the Company, or has undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

10. SHARE PRICES

The highest and lowest prices per Share at which the Shares traded on the Stock Exchange during each of the previous 12 months are as follows:

	Trade Prices (per share)	
	Highest HK\$	Lowest HK\$
2019		
April	2.08	1.97
May	2.20	1.75
June	1.95	1.78
July	2.06	1.79
August	2.19	1.89
September	2.09	1.50
October	2.00	1.82
November	2.48	1.88
December	2.80	2.10
2020		
January	2.19	1.91
February	2.00	1.58
March	2.10	1.67
April (up to the Latest Practicable Date)	2.09	1.94

APPENDIX II DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED AT THE AGM

Stated below are the details of the Directors who will retire and be eligible for re-election at the AGM in accordance with the Articles.

Mr. Zhang Dali (張達立) (“Mr. Zhang”), aged 60, is an independent non-executive Director. Mr. Zhang was appointed as the independent non-executive Director on 20 December 2013. Mr. Zhang is also the chairman of the nomination committee of the Company and a member of each of the audit committee and remuneration committee of the Company. Mr. Zhang obtained his diploma in control engineering and computer science from the Harbin Institute of Technology (哈爾濱工業大學) in January 1982. Mr. Zhang then obtained a master of science in forest operations from The University of Alberta in June 1989, and a doctoral degree from the University of Wisconsin Madison in December 1992. Mr. Zhang has accumulated over 15 years of professional experience in forestry, wood products and paper industries. Prior to joining the Group, Mr. Zhang was the managing director of RISI’s, Inc. in Asia from March 2010 to February 2012 and a vice president in the corporate development at Norske Skog (Hebei) Paper Co., Ltd. during February 2008 to February 2010, where he was responsible for corporate development. Mr. Zhang also worked for more than 11 years with the Pöyry Management Consulting between September 1996 to February 2008, and held various positions with Pöyry offices in Singapore, New York and Shanghai, where he was responsible for business and marketing strategies. Mr. Zhang rejoined Pöyry Management Consulting from April 2014 to January 2018, as director and head of China Operation. Mr. Zhang is currently the Senior Consultant of Vision Hunters.

Mr. Zhang was appointed for a term of three years commencing from 6 January 2017 and his appointment will continue thereafter which may be terminated by either party by giving not less than three months’ prior notice in writing. He has entered into an appointment letter with the Company, pursuant to which he is entitled to remuneration of HK\$150,000 per annum (which was determined by the Board with reference to his past experience, and his roles and responsibilities in the Company). So far as the Board is aware, there are no other matters in relation to the proposed appointment of Mr. Zhang that need to be brought to the attention of the Shareholders.

Save as disclosed above, Mr. Zhang has not held any directorships in the past three years in any listed companies in Hong Kong or overseas. Mr. Zhang does not have any relationship with any other directors, chief executives, senior management, substantial or controlling shareholders (as defined in the Listing Rules) of the Company. As at the Latest Practicable Date, he did not have any interests in the Shares within the meaning of Part XV of SFO.

Save as disclosed above, there are no other matters in relation to Mr. Zhang that need to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

* *For identification purposes only*

APPENDIX II DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED AT THE AGM

Mr. Lau Ying Kit (劉英傑) (“Mr. Lau”), aged 46, is an independent non-executive Director. Mr. Lau was appointed as the independent non-executive Director on 20 December 2013. Mr. Lau is also the chairman of the audit committee of the Company. Mr. Lau is currently an independent non-executive director of Xiezhong International Holdings Limited (Stock Code: 3663), Kingdom Holdings Limited (Stock Code: 528), United Strength Power Holdings Limited (Stock Code: 2337) and Sinco Pharmaceuticals Holdings Limited (Stock Code: 6833), all listed on the Main Board of the Stock Exchange. Mr. Lau is also a director of Adex Mining Inc. (Stock Code: ade), a company listed on the TSX Venture Exchange in Canada from June 2011 to October 2017. Mr. Lau was the chief financial officer and company secretary of Great Harvest Maeta Group Holdings Limited (Stock Code: 3683), a company listed on the Main Board of the Stock Exchange from October 2010 to November 2017. Mr. Lau is a fellow member of the Hong Kong Institute of Certified Public Accountants and Mr. Lau obtained a master’s degree in finance from the City University of Hong Kong in November 2008. Mr. Lau has extensive experience in finance and accounting in the PRC and Hong Kong.

Mr. Lau was appointed for a term of three years commencing from 6 January 2017 and his appointment will continue thereafter which may be terminated by either party by giving not less than three months’ prior notice in writing. He has entered into an appointment letter with the Company, pursuant to which he is entitled to remuneration of HK\$150,000 per annum (which was determined by the Board with reference to his past experience, and his roles and responsibilities in the Company). So far as the Board is aware, there are no other matters in relation to the proposed appointment of Mr. Lau that need to be brought to the attention of the Shareholders.

Save as disclosed above, Mr. Lau has not held any directorships in the past three years in any listed companies in Hong Kong or overseas. Mr. Lau does not have any relationship with any other directors, chief executives, senior management, substantial or controlling shareholders (as defined in the Listing Rules) of the Company. As at the Latest Practicable Date, he did not have any interests in the Shares within the meaning of Part XV of SFO.

Save as disclosed above, there are no other matters in relation to Mr. Lau that need to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

NOTICE OF ANNUAL GENERAL MEETING



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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of China Wood Optimization (Holding) Limited (the “**Company**”) will be held at Unit 908A, 9/F., Shui On Centre, Nos. 6-8 Harbour Road, Wanchai, Hong Kong on Wednesday, 20 May 2020, at 2:00 p.m. for the following purposes:

1. To receive, consider and adopt the audited financial statements of the Company and the reports of the directors (the “**Directors**”) and auditors of the Company for the year ended 31 December 2019;
2. To declare a final dividend of HK\$0.02 per share of the Company for the year ended 31 December 2019;
3. To consider and approve, each as a separate resolution, if thought fit, the following resolution:
 - (a) to re-elect Mr. Zhang Dali as independent non-executive director of the Company;
 - (b) to re-elect Mr. Lau Ying Kit as independent non-executive director of the Company;
 - (c) to authorise the board of directors of the Company to fix the directors’ remunerations;
4. To re-appoint KPMG as the auditors of the Company and to authorise the board of directors of the Company to fix their remuneration; and

ORDINARY RESOLUTIONS

To consider and, if thought fit, to pass the following resolutions with or without amendments as ordinary resolutions of the Company:

5. “**THAT:**
 - (a) subject to paragraph (c) below, pursuant to the Listing Rules, the exercise by the Directors during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to allot, issue or otherwise deal with unissued shares (the “**Shares**”) in the capital of the Company of HK\$0.01 each and to make or grant offers, agreements and options, including bonds and warrants to subscribe for Shares of the Company, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

- (b) the approval in paragraph (a) above shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;

- (c) the total number of issued shares of the Company allotted and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to options or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined in paragraph (d) below); or (ii) the exercise of any options granted under all share option schemes or similar arrangements of the Company adopted from time to time in accordance with the Listing Rules; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of shares of the Company in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company and other relevant regulation in force from time to time; or (iv) any issue of shares of the Company upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into shares of the Company shall not exceed the aggregate of:
 - (aa) 20 per cent. of the total number of issued shares of the Company as at the date of the passing of this resolution; and

 - (bb) (if the Directors of the Company are so authorised by a separate ordinary resolution of the shareholders of the Company) the total number of issued shares of the Company purchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the total number of issued shares of the Company as at the date of the passing of this resolution), and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

- (d) for the purposes of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;

- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or the applicable law of the Cayman Islands to be held; and

NOTICE OF ANNUAL GENERAL MEETING

- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors of the Company by this resolution;

“**Rights Issue**” means an offer of shares of the Company, or offer or issue of warrants, options or other securities giving rights to subscribe for shares of the Company open for a period fixed by the directors of the Company to holders of shares of the Company or any class of shares whose names appear on the Company’s register of members on a fixed record date in proportion to their holdings of shares of the Company (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong, applicable to the Company).”

6. “**THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as defined in paragraph (c) below) of all powers of the Company to purchase shares (the “**Shares**”) in the share capital of the Company of HK\$0.01 each on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”), or any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong (the “**SFC**”) and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the SFC, the Stock Exchange, the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the total number of shares of the Company which may be repurchased or agreed to be repurchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10 per cent. of the total number of issued shares of the Company as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (c) for the purposes of this resolution, “**Relevant Period**” shall have the same meaning as the resolution numbered 5(d) above.”

NOTICE OF ANNUAL GENERAL MEETING

7. “**THAT** conditional on the passing of resolutions numbered 5 and 6 above, the general mandate granted to the directors of the Company pursuant to paragraph (a) of resolution numbered 5 above be and it is hereby extended by the addition thereto of an amount representing the total number of issued shares of the Company repurchased by the Company under the authority granted pursuant to resolution numbered 6 above, provided that such amount shall not exceed 10 per cent. of the total number of issued shares of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to or in accordance with such general mandate of an amount representing the total number of issued shares of the Company repurchased by the Company pursuant to or in accordance with the authority granted under paragraph (a) of resolution numbered 6 above.”

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

Hong Kong, 17 April 2020

Registered Office:
Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

Principal Place of Business in Hong Kong:
Room 2204, 22/F
Harbour Centre
25 Harbour Road
Wanchai, Hong Kong

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- (1) Any member entitled to attend and vote at the annual general meeting (the “**Meeting**”) is entitled to appoint one or more proxies (if such member is the holder of two or more shares (“**Shares**”)) to attend and to vote instead of him. A proxy need not be a member of the Company.
- (2) Where there are joint holders of any Share, any one of such joint holders may vote, either in person or by proxy, in respect of such Share as if he were solely entitled thereto, but if more than one of such joint holders be present at the Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.
- (3) To be valid, the form of proxy in writing, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority, must be deposited at the Company’s branch share registrar and transfer office in Hong Kong, Union Registrars Limited (“**Hong Kong Branch Share Registrar**”) at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong not less than 48 hours before the time appointed for holding the Meeting (i.e. by 2:00 p.m. on Monday, 18 May 2020) or adjourned meeting. Completion and return of the form of proxy will not preclude members from attending and voting in person at the Meeting or adjourned meeting.

For the purpose of determining members who are qualified for attending and voting at the Meeting, the register of members of the Company will be closed from Thursday, 14 May 2020 to Wednesday, 20 May 2020 (both days inclusive), during which period no transfer of the Shares will be effected. The holders of shares whose names appear on the register of members of the Company on Wednesday, 20 May 2020 will be entitled to attend and vote at the Meeting. In order to qualify for attending and voting at the Meeting or any adjournment thereof, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Hong Kong Branch Share Registrar at the above address by no later than 4:00 p.m. on Wednesday, 13 May 2020.

Subject to the approval of shareholders of the Company at the Meeting, for the purpose of determining members who are qualified for entitling for the proposed final dividend, the register of members of the Company will be closed from Wednesday, 27 May 2020 to Friday, 29 May 2020 (both days inclusive), during which period no share transfer will be registered. In order to qualify for the proposed final dividend, all completed transfer documents, accompanied by relevant share certificates, must be lodged with the Hong Kong Branch Share Registrar at the above address by no later than 4:00 p.m. on Tuesday, 26 May 2020.

- (4) In relation to resolutions numbered 5 and 7 above, approval is being sought from the shareholders of the Company for the grant to the directors of the Company of a general mandate to authorise the allotment and issue of Shares. The Directors have no immediate plans to issue any new Shares other than Shares which may fall to be allotted and issued under the share award plan of the Company (if any) which may be awarded under such share award plan or upon the exercise of any options (if any) which may be granted under the share option scheme of the Company or any scrip dividend scheme (if any) which may be approved by the Shareholders.
- (5) In relation to resolution numbered 6 above, the Directors wish to state that they will exercise the powers conferred thereby to repurchase Shares in circumstances which they deem appropriate for the benefit of the shareholders of the Company. An explanatory statement containing the information necessary to enable the shareholders to make an informed decision to vote on the proposed resolution as required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited is set out in Appendix I to the Company’s circular dated 17 April 2020.
- (6) Voting at the AGM will be taken by poll.
- (7) If Typhoon Signal No. 8 or above, or a “black” rainstorm warning is in effect any time after 11:00 a.m. on the date of the Meeting, the Meeting will be postponed. The Company will post an announcement on the websites of the Company at www.chinawood.com.hk and the Stock Exchange at www.hkexnews.hk to notify shareholders of the Company of the date, time and place of the rescheduled meeting.
- (8) References to time and dates in this notice are to Hong Kong time and dates.

As at the date of this notice, the executive directors of the Company are Ms. Yim Tsun and Mr. Li Li; and the independent non-executive directors of the Company are Mr. Zhang Dali, Mr. Pu Junwen and Mr. Lau Ying Kit.