
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 your 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 Fairwood Holdings Limited, you should at once hand this circular and the accompanying proxy form to the purchaser or the transferee, or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser or the transferee.

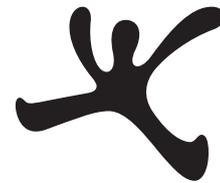
Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

FAIRWOOD HOLDINGS LIMITED

大快活集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 52)



**PROPOSED GRANT OF SHARE OPTIONS
AND
NOTICE OF SPECIAL GENERAL MEETING**

A notice convening the special general meeting the (“SGM”) of Fairwood Holdings Limited (the “Company”) to be held at Conference Room, 2nd Floor, TRP Commercial Centre, 18 Tanner Road, North Point, Hong Kong on Thursday, 7 September 2023 at 4:20 p.m. or immediately after conclusion of the Company’s annual general meeting to be held on the same day, whichever is later, or any adjournment thereof, is set out on page 11 of this circular. A proxy form for use at the SGM is enclosed herewith.

Whether or not you are able to attend the meeting, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the Company’s head office and principal place of business in Hong Kong at 2nd Floor, TRP Commercial Centre, 18 Tanner Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting at the meeting or any adjournment thereof in person should you so wish.

11 August 2023

CONTENTS

	<i>Page</i>
DEFINITIONS	1
 LETTER FROM THE BOARD	
1. Introduction	3
2. Proposed Grant	3
3. Listing Rules Implications	6
4. Effect on Shareholding Structure of the Company upon Exercise of the Share Options	7
5. Reasons for the Proposed Grant	8
6. SGM and Proxy Arrangement	9
7. Voting at the SGM	9
8. Responsibility Statements	9
9. Recommendation of Independent Non-executive Directors	10
 NOTICE OF SPECIAL GENERAL MEETING	 11

DEFINITIONS

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

“associates”, “connected person”, “core connected person”, and “substantial shareholder”	each has the meaning ascribed thereto under the Listing Rules;
“Board”	the board of Directors;
“Bye-laws”	the Bye-laws of the Company, as amended from time to time;
“Company”	Fairwood Holdings Limited, an exempted company incorporated in Bermuda with limited liability, whose shares are listed on the Main Board of the Stock Exchange;
“Date of Grant”	5 July 2023, being the date on which the Proposed Grant under the 2021 Share Option Scheme was conditionally approved by the Board;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Non-executive Director(s)”	the independent non-executive Directors, being Mr Joseph CHAN Kai Nin, Dr Peter LAU Kwok Kuen, Mr Peter WAN Kam To and Mr YIP Cheuk Tak;
“Independent Shareholders”	in the case of the Proposed Grant, the Shareholders other than Mr Francis Lo and his associates and all core connected persons of the Company;
“Latest Practicable Date”	7 August 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended and supplemented from time to time;
“Mr Dennis Lo”	Mr Dennis LO Hoi Yeung, Chairman of the Board and Executive Director;

DEFINITIONS

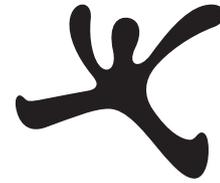
“Mr Francis Lo”	Mr LO Fai Shing Francis, Chief Executive Officer of the Company and Executive Director;
“Outstanding Share Options”	the 1,040,000 outstanding share options granted to Mr Francis Lo under the 2011 Share Option Scheme;
“Proposed Grant”	the conditional grant of 1,040,000 Share Options to Mr Francis Lo to subscribe for 1,040,000 Shares under the 2021 Share Option Scheme, subject to the approval of the Independent Shareholders;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and supplemented from time to time;
“SGM”	the special general meeting of the Company convened to be held at Conference Room, 2nd Floor, TRP Commercial Centre, 18 Tanner Road, North Point, Hong Kong on Thursday, 7 September 2023 at 4:20 p.m. or immediately after conclusion of the Company’s annual general meeting to be held on the same day, whichever is later, and any adjournment thereof;
“SGM Notice”	the notice convening the SGM as set out on page 11 of this circular;
“Share(s)”	ordinary share(s) of HK\$1.00 each in the share capital of the Company;
“Shareholder(s)”	the holder(s) of the Share(s);
“Share Option(s)”	share options to subscribe for Share(s) under the 2021 Share Option Scheme;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“2011 Share Option Scheme”	the share option scheme adopted by the Company on 7 September 2011;
“2021 Share Option Scheme”	the share option scheme adopted by the Company on 9 September 2021; and
“%”	per cent.

FAIRWOOD HOLDINGS LIMITED

大快活集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 52)



Executive Directors:

Dennis LO Hoi Yeung (*Executive Chairman*)
LO Fai Shing Francis (*Chief Executive Officer*)
Peggy LEE

Registered Office:

Victoria Place, 5th Floor,
31 Victoria Street,
Hamilton HM10, Bermuda

Independent Non-executive Directors:

Joseph CHAN Kai Nin
Peter LAU Kwok Kuen
Peter WAN Kam To
YIP Cheuk Tak

*Head Office and Principal Place
of Business in Hong Kong:*

2nd Floor, TRP Commercial Centre,
18 Tanner Road, North Point,
Hong Kong

11 August 2023

To the Shareholders

Dear Sir or Madam,

**PROPOSED GRANT OF SHARE OPTIONS
AND
NOTICE OF SPECIAL GENERAL MEETING**

1. INTRODUCTION

Reference is made to the announcement of the Company dated 5 July 2023 in relation to, among others, the Proposed Grant.

The purpose of this circular is to provide you with (a) information in relation to the Proposed Grant; (b) the recommendation of the Board, including all the Independent Non-executive Directors, in relation to the Proposed Grant; and (c) the SGM Notice.

2. PROPOSED GRANT

Reference is made to the announcement of the Company dated 5 July 2023 in relation to, among others, the cancellation of 1,040,000 share options (i.e. the Outstanding Share Options) granted by the Company to Mr Francis Lo on 6 July 2020 and 10 August 2020 and the conditional grant of 1,040,000 Share Options to Mr Francis Lo to subscribe for 1,040,000 Shares, representing approximately 0.80% of the total number of Shares in issue as at the Latest Practicable Date, subject to the approval of the Independent Shareholders.

LETTER FROM THE BOARD

Details of the Share Options to be granted under the Proposed Grant are set out below:

- Date of Grant : 5 July 2023
- Number of the Share Options conditionally granted : 1,040,000 Share Options (each Share Option shall entitle Mr Francis Lo to subscribe for one Share)
- Exercise price of the Share Options : HK\$11.456 per Share, which is the highest of:
- (i) the closing price of HK\$11.300 per Share as stated in the Stock Exchange's daily quotation sheet on the Date of Grant;
 - (ii) the average closing price of HK\$11.456 per Share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the Date of Grant; and
 - (iii) the nominal value of a Share.
- Consideration for the grant of the Share Options : HK\$1.00 to be paid by Mr Francis Lo upon the acceptance of the Proposed Grant within 28 days from the date of the offer letter
- Exercise period of the Share Options : The Share Options shall be exercisable during periods as set out below:
- (i) 34% of the Share Options shall be exercisable from 5 July 2024 to 4 July 2033;
 - (ii) 33% of the Share Options shall be exercisable from 5 July 2025 to 4 July 2033; and
 - (iii) 33% of the Share Options shall be exercisable from 5 July 2026 to 4 July 2033.
- Vesting date : The first anniversary of the Date of Grant
- Performance target : There is no performance target attached to the Share Options under the Proposed Grant.

LETTER FROM THE BOARD

Having considered that, (i) the grant of Share Options to Mr Francis Lo for the Outstanding Share Options being cancelled; (ii) the grant of Share Options to Mr Francis Lo being a recognition of his past contributions to the Group and enabling him to benefit from the business success where he made contribution to; (iii) the vesting date stated above and the value of Share Options being linked with the future price of the Shares which will ensure that the long term interests of Mr Francis Lo and the Company are aligned and he will be motivated to contribute towards the Group's development, the remuneration committee of the Company is of the view that it is not necessary to set performance target for Mr Francis Lo.

Clawback mechanism : Any Share Options shall lapse and not be exercisable with immediate effect on the grounds, including but not limited to, Mr Francis Lo ceasing to be an employee of the Group, or being guilty of serious misconduct, or having committed any act of bankruptcy or having become insolvent or having made any arrangements or composition with creditors generally.

Financial assistance : There is no arrangement for the Group to provide any financial assistance to Mr Francis Lo to facilitate his purchase of the Shares under the 2021 Share Option Scheme.

The Shares to be allotted upon the exercise of the Share Options shall rank *pari passu* in all respects with the existing fully paid Shares and shall have the same voting rights, rights in respect of any dividend or other distributions paid or made on or after the date of issue, rights of transfer and other rights, including those arising on liquidation of the Company as attached to the Shares in issue on the date of such allotment and will be subject to all the provisions of the Bye-Laws for the time being in force. The Share Options themselves, however, do not carry any right to voting, dividend, transfer or other rights (including those arising on a liquidation of the Company) prior to their being exercised and the underlying Shares being issued.

No Share Option has been granted to Mr Francis Lo within the 12-month period prior to the Proposed Grant.

None of the Directors is a trustee of the 2021 Share Option Scheme nor has a direct or indirect interest in the trustee(s) of the 2021 Share Option Scheme.

LETTER FROM THE BOARD

3. LISTING RULES IMPLICATIONS

Under Rule 17.04(1) of the Listing Rules, any grant of options or awards to a director, chief executive or substantial shareholder of a listed issuer, or any of their respective associates, under a scheme of the listed issuer must be approved by the independent non-executive directors of the listed issuer (excluding any independent non-executive director who is the grantee of the options or awards). In addition, pursuant to Rules 17.04(3) and 17.04(4) of the Listing Rules, where any grant of options or awards to an independent non-executive director or a substantial shareholder of the listed issuer, or any of their respective associates, would result in the shares issued and to be issued in respect of all options and awards granted (excluding any options and awards lapsed in accordance with the terms of the scheme) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the relevant class of shares in issue, such further grant of options or awards must be approved by shareholders of the listed issuer in general meeting at which the grantee, his/her associates and all core connected persons of the listed issuer must abstain from voting in favour at such meeting.

Mr Francis Lo, being the Chief Executive Officer, an Executive Director and a grantee, has abstained from voting on the relevant board resolution in respect of the Proposed Grant. Further, Mr Dennis Lo, being the father of Mr Francis Lo and hence an associate of Mr Francis Lo, has also abstained from voting on the relevant board resolution in respect of the Proposed Grant. In accordance with Rule 17.04(1) of the Listing Rules and the terms of the 2021 Share Option Scheme, the Independent Non-executive Directors approved the Proposed Grant.

Further, given that (a) Mr Francis Lo is an associate of Mr Dennis Lo, a substantial shareholder of the Company; and (b) the number of Shares to be issued upon exercise of the 1,040,000 Share Options granted to Mr Francis Lo represents in aggregate over 0.1% of the issued Shares in the 12-month period up to and including the Date of Grant, such grant of Share Options is conditional upon the approval of Independent Shareholders at the SGM.

To the extent it is aware by the Board having made all reasonable enquiries, as at the Latest Practicable Date, Mr Francis Lo and his associate and all core connected persons of the Company, held and entitled to exercise control over a total of 55,946,384 Shares (representing approximately 43.18%) of the Shares in issue as at the Latest Practicable Date), must abstain from voting in favour of the resolution approving the Proposed Grant at the SGM.

As at the Latest Practicable Date, none of the Shareholders who were required to abstain from voting in favour of the resolution approving the Proposed Grant have given to the Company notice of their intention to vote against the resolution at the SGM.

LETTER FROM THE BOARD

4. EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY UPON EXERCISE OF THE SHARE OPTIONS

The shareholding structure of the Company (a) as at the Latest Practicable Date; and (b) immediately upon exercise of 1,040,000 Share Options granted under the Proposed Grant are as follows:

	As at the Latest Practicable Date		Immediately upon exercise of 1,040,000 Share Options granted under the Proposed Grant	
	Number of Shares held	Approximate percentage of the entire issued share capital of the Company	Number of Shares held	Approximate percentage of the entire issued share capital of the Company
Mr Francis Lo	55,435,384 ^{#(Note 1)}	42.79%	56,475,384	43.25%
Mr Dennis Lo	55,544,384 ^{#(Note 2)}	42.87%	55,544,384 [#]	42.53%
Ms Peggy Lee	402,000	0.31%	402,000	0.31%
Other Shareholders	<u>73,606,396</u>	<u>56.82%</u>	<u>73,606,396</u>	<u>56.36%</u>
Total:	<u>129,552,780</u>	<u>100.00%</u>	<u>130,592,780</u>	<u>100.00%</u>

Notes:

1. These 55,435,384 Shares were held by Neblett Investments Limited and CFJ Holdings Limited and these two companies are beneficially owned by two separate trusts of which Mr Francis Lo and Mr Dennis Lo are the discretionary objects. Mr Francis Lo, by virtue of his interests in the said trusts as one of the discretionary objects and as Executive Director and Chief Executive Officer of the Company, is deemed to be interested in the said 55,435,384 Shares under the SFO. Other than the aforesaid, he has no personal interests in the Shares.
 2. For the purpose of this table, these 55,544,384 Shares include (a) the personal interest of 109,000 Shares held by Mr Dennis Lo; and (b) 55,435,384 Shares which have already been included into the interests held by Mr Francis Lo in the same table. Mr Dennis Lo, by virtue of his interests in the said trusts as one of the discretionary objects and as the Chairman of the Board and Executive Director of the Company, is deemed to be interested in the said 55,435,384 Shares under the SFO.
 3. These figures are based on the best knowledge of the Company after making reasonable enquiries, and are for illustrative purposes only.
- # There was duplication of interest of 55,435,384 Shares between Mr Francis Lo and Mr Dennis Lo.

LETTER FROM THE BOARD

5. REASONS FOR THE PROPOSED GRANT

The exercise prices of the outstanding share options granted under the 2011 Share Option Scheme have been consistently high when compared with the prevailing market price of the Shares, which deter the option holders from exercising those outstanding share options. The outstanding share options granted under the 2011 Share Option Scheme (of which 1,040,000 share options were granted to Mr Francis Lo) could no longer serve the purpose to motivate the option holders. Thus, on 5 July 2023, the Board resolved to cancel the outstanding share options granted under the 2011 Share Option Scheme (including 1,040,000 share options which were granted to Mr Francis Lo), and offered to grant the share options under the 2021 Share Option Scheme (including the Proposed Grant) which are partly served as replacement of the above cancelled outstanding share options under the 2011 Share Option Scheme.

The purpose of the 2021 Share Option Scheme is to (a) attract and retain the best quality personnel for the development of the Company's businesses; and (b) provide incentives or rewards to the employees and Directors of the Company and promote the long-term financial success of the Company by aligning their interests to the Shareholders.

On 5 July 2023, the Board has resolved to grant an aggregate of 3,750,000 Share Options to certain employees (including senior management) of the Company and Directors (including Mr Francis Lo) as such grant could demonstrate to them that their effort and past contribution to the Group are valued and will be rewarded and can motivate them to perform and create value for the Shareholders, which achieve the purposes of the 2021 Share Option Scheme.

Mr Francis Lo is the Chief Executive Officer and Executive Director of the Company and is responsible for the day-to-day management of the Group as well as the strategic planning and overall business operations of the Group. He has implemented various measures such as digitalization to enhance the business efficiency of the Group. In view of the vesting period and the exercise period of the Share Options, the Proposed Grant serves as an incentive for his persistent devotions and leadership by further aligning the long-term interests of the Group with him and is an appropriate way to reward and encourage his ongoing valuable performance in achieving the goals and business growth of the Group.

Taking into account that (a) Mr Francis Lo's role and responsibilities in the Group and expected substantial contributions to the Company, including but not limited to business strategy planning and business development; (b) the stability of key personnel is crucial to the long-term development of the Group; (c) the dilution effect of the Proposed Grant is insignificant, the remuneration committee of the Company is of the view that the Proposed Grant will be a part of his remuneration package and an incentive to encourage him for his continued contributions to the Group in the future; and thus, the remuneration committee of the Company has recommended the Board to approve the Proposed Grant.

The Board considers that the economic benefits of the Share Options depend upon the increase in share price to be driven by improving the overall management business synergies and operational performance of the Group at which time all the Shareholders also stand to benefit. Thus, the

LETTER FROM THE BOARD

Proposed Grant provides an incentive to the Share Option grantees (including Mr Francis Lo) to increase profitability of the Group, thereby raising share price and share value of the Group and the Shareholders.

In view of the above, the Proposed Grant is considered to be an appropriate way to reward and encourage the ongoing contribution of Mr Francis Lo, thereby serving purposes of the 2021 Share Option Scheme and being in the best interests of the Company and the Shareholders as a whole.

6. SGM AND PROXY ARRANGEMENT

The SGM Notice is set out on page 11 of this circular.

A proxy form for use at the SGM is enclosed herewith. Whether or not you are able to attend the SGM, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the Company's head office and principal place of business in Hong Kong at 2nd Floor, TRP Commercial Centre, 18 Tanner 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 SGM or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting at the SGM or any adjournment thereof (as the case may be) in person should you so wish.

7. VOTING AT THE SGM

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of Shareholders at a general meeting must be taken by poll, except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The chairman of the SGM will therefore demand poll voting for the resolution set out in the SGM Notice.

The results of the poll will be published by way of an announcement on the respective websites of the Company (www.fairwoodholdings.com.hk) and the Stock Exchange (www.hkexnews.hk).

8. RESPONSIBILITY STATEMENTS

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

LETTER FROM THE BOARD

9. RECOMMENDATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Independent Non-executive Directors consider that the terms of the Proposed Grant are fair and reasonable and the Proposed Grant is in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Non-executive Directors recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Proposed Grant.

Yours faithfully
By Order of the Board
Fairwood Holdings Limited
Dennis LO Hoi Yeung
Executive Chairman

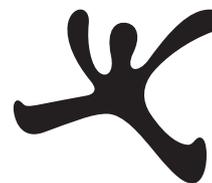
NOTICE OF SPECIAL GENERAL MEETING

FAIRWOOD HOLDINGS LIMITED

大快活集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 52)



NOTICE IS HEREBY GIVEN that the Special General Meeting of Fairwood Holdings Limited (the “**Company**”) will be held at Conference Room, 2nd Floor, TRP Commercial Centre, 18 Tanner Road, North Point, Hong Kong on Thursday, 7 September 2023 at 4:20 p.m. or immediately after conclusion of the Company’s annual general meeting to be held on the same day, whichever is later, and any adjournment thereof, for the following purpose:

1. To consider, and if thought fit, pass the following resolution by way of special business as Ordinary Resolution:

“**THAT** the grant of 1,040,000 share options to Mr LO Fai Shing Francis under the share option scheme adopted by the Company on 9 September 2021 to subscribe for 1,040,000 ordinary shares in the share capital of the Company at the exercise price of HK\$11.456 per share and on the terms and conditions set out in the circular of the Company dated 11 August 2023 be and is hereby approved, confirmed and ratified and that any one Director of the Company be and is hereby authorized to do all such acts and/or execute all such documents as may be necessary or expedient in order to give full effect to such grant and exercise of the share options.”

By Order of the Board
Fairwood Holdings Limited
CHAN Kang Tung
Company Secretary

Hong Kong, 11 August 2023

Notes:

1. Any member of the Company entitled to attend and vote at the meeting may appoint one or more proxies to attend, and on a poll, vote in his stead. A proxy need not be a member of the Company.
2. To be valid, the proxy form and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof must be deposited at the head office and principal place of business of the Company at 2nd Floor, TRP Commercial Centre, 18 Tanner Road, North Point, Hong Kong not less than 48 hours before the appointed time for the holding the meeting or any adjournment thereof (as the case may be).
3. In order to determine shareholders’ entitlement to attend and vote at the meeting, the Register of Members of the Company will be closed from Friday, 1 September 2023 to Thursday, 7 September 2023 (both days inclusive), during which period no transfer of shares will be registered. All completed transfer forms accompanied by the relevant share certificates, must be lodged with the Company’s Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited, Rooms 1712–6, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not later than 4:30 p.m. on Thursday, 31 August 2023 for registration.
4. Pursuant to Rule 13.39(4) of the Listing Rules, all votes of shareholders at the meeting must be taken by poll and the Company will announce the results of the poll on the respective websites of the Company (www.fairwoodholdings.com.hk) and The Stock Exchange of Hong Kong Limited (www.hkexnews.hk).