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FAIRWOOD HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 52)



CONTINUING CONNECTED TRANSACTIONS

On 6 May 2013, Fairwood, an indirect wholly-owned subsidiary of the Company entered into the Service Agreement with Sun Generation in respect of the provision of the Services by Fairwood to Sun Generation for a term of six months commenced from 1 April 2013 and expiring on 30 September 2013.

Sun Generation is owned as to 65% by Mr Henry Lo, 20% by his wife and 15% by an independent third party. Mr Henry Lo is the brother of Mr Dennis Lo, who is the Chairman of the Company and an executive Director. By virtue of being an associate of a Director within the meaning of Rule 14A.11(4)(b)(ii) of the Listing Rules, Sun Generation is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Transactions constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the Maximum Transaction Amount is more than HK\$1,000,000 and the highest applicable percentage ratio calculated with reference to the Maximum Transaction Amount is more than 0.1% but less than 5%, the Transactions are exempt from the independent shareholders' approval requirements but subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

THE SERVICE AGREEMENT

Date:

6 May 2013

Parties:

- (1) Fairwood, an indirect wholly-owned subsidiary of the Company
- (2) Sun Generation

Services to be provided:

Fairwood agreed to produce the Products for Sun Generation according to Sun Generation's specification during the term of the Service Agreement described below.

Consideration:

Sun Generation shall pay to Fairwood at the rates specified in the Service Agreement for the Products within 45 days after the invoice date.

As Fairwood has undertaken to ensure that its facility and manpower are available for the production of the Products for Sun Generation, Sun Generation agreed that a minimum payment shall be payable by Sun Generation to Fairwood during the term of the Service Agreement described below.

Term:

A term of six months commenced from 1 April 2013 and expiring on 30 September 2013.

HISTORICAL AND ESTIMATED TRANSACTION AMOUNTS

A trial-run of the provision of the Services by Fairwood to Sun Generation has started since March 2013. The unaudited aggregate transaction value for the month ended 31 March 2013 amounted to approximately HK\$975,000. The aggregate transaction value, since March 2013 up to the date of this announcement, is estimated to amount to approximately HK\$1,300,000.

Based on the aforesaid historical transaction values, the Directors estimate that the Maximum Transaction Amount will not exceed HK\$6,000,000.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The principal business activities of the Group (including Fairwood) are the operation of fast food restaurants and property investment.

Sun Generation is engaged in the business of producing processed take-away food products in Hong Kong.

The provision of the Services in the manner as contemplated under the terms of the Service Agreement is a new business model for the Group. The Directors are of the view that it is beneficial for Fairwood to enter into the Service Agreement with Sun Generation because it enables the Group to explore the feasibility of such a new business model for a further term of six months and at the same time, the Transactions also allow the capacity of the central food processing plant to be more efficiently utilised for generating more revenue for the Group. The Company will review and consider whether or not to continue with the Transactions after the expiry of the term of the Service Agreement.

The Directors, including the independent non-executive Directors, consider that the provision of the Services since March 2013 and the Service Agreement have been entered into in the ordinary and usual course of business of the Group, the terms thereof (including the rates payable by Sun Generation to Fairwood) are on normal commercial terms (or on terms no less favourable to the Group than terms available to independent third parties), fair and reasonable, and in the interests of the Company and the shareholders of the Company as a whole.

Mr Dennis Lo, being the brother of Mr Henry Lo, is considered to have a material interest in the Transactions, has abstained from voting on the Board resolution for approving the Transactions.

IMPLICATIONS UNDER THE LISTING RULES

Sun Generation is owned as to 65% by Mr Henry Lo, 20% by his wife and 15% by an independent third party. Mr Henry Lo is the brother of Mr Dennis Lo, who is the Chairman of the Company and an executive Director. By virtue of being an associate of a Director within the meaning of Rule 14A.11(4)(b)(ii) of the Listing Rules, Sun Generation is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Transactions constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

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DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

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| “associate”, “connected person”, “percentage ratios” | each has the meaning ascribed to it in the Listing Rules; |
| “Board” | the board of Directors; |
| “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; |
| “Directors” | the directors of the Company; |
| “Fairwood” | Fairwood Fast Food Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company; |
| “Group” | the Company and its subsidiaries; |
| “Hong Kong” | Hong Kong Special Administrative Region of the People's Republic of China; |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange; |
| “Maximum Transaction Amount” | the estimated maximum aggregate transaction value of the Transactions during the term of the Service Agreement in the amount of HK\$6,000,000; |
| “Mr Dennis Lo” | Mr Dennis Lo Hoi Yeung, being the Chairman of the Company and an executive Director; |

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| “Mr Henry Lo” | Mr Henry Lo Hoi Nai, being Mr Dennis Lo’s brother; |
| “Products” | certain processed food products to be produced by Fairwood for Sun Generation according to the Sun Generation’s specification; |
| “Services” | the production of the Products by Fairwood for Sun Generation upon and subject to the terms of the Service Agreement; |
| “Service Agreement” | the agreement dated 6 May 2013 and made between Fairwood and Sun Generation in respect of the provision of the Services by Fairwood to Sun Generation upon and subject to the terms thereof; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “Sun Generation” | Sun Generation Limited, a company incorporated in Hong Kong with limited liability and is owned as to 65% by Mr Henry Lo, 20% by his wife and 15% by an independent third party; |
| “Transactions” | the transactions contemplated under the Service Agreement; and |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong. |

By Order of the Board
Mak Yee Mei
Company Secretary

Hong Kong, 6 May 2013

As at the date of this announcement, the Board comprises (i) Mr Dennis Lo Hoi Yeung (Executive Chairman), Mr Chan Chee Shing (Chief Executive Officer) and Ms Mak Yee Mei as Executive Directors; (ii) Mr Ng Chi Keung as Non-executive Director; and (iii) Mr Joseph Chan Kai Nin, Dr Peter Lau Kwok Kuen, Mr Tony Tsoi Tong Hoo and Mr Peter Wan Kam To as Independent Non-executive Directors.

Website: www.fairwood.com.hk