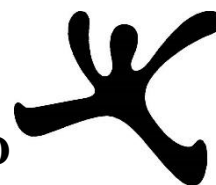


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FAIRWOOD HOLDINGS LIMITED
大快活集團有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 52)



**CANCELLATION OF SHARE OPTIONS
AND GRANT OF SHARE OPTIONS**

This announcement is made pursuant to Rules 17.06A, 17.06B and 17.06C of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

References are made to (a) the announcement of Fairwood Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 18 December 2018 concerning the grant of 70,000 share options at the exercise price of HK\$26.42 per Share (as defined below) (the “**Batch 1 Existing Share Options**”) to certain employees to subscribe for 70,000 ordinary shares of HK\$1.00 each in the capital of the Company (the “**Share(s)**”) in accordance with the terms of the share option scheme of the Company adopted on 7 September 2011, which was expired on 6 September 2021 (the “**2011 Share Option Scheme**”); (b) the announcement of the Company dated 6 July 2020 in relation to, inter alia, grant of 1,040,000 share options at the exercise price of HK\$17.90 per Share (the “**Batch 2 Existing Share Options**”) to certain employees and a director of the Company to subscribe for 1,040,000 Shares in accordance with the terms of the 2011 Share Option Scheme; and (c) the announcement of the Company dated 10 August 2020 concerning the grant of 2,320,000 share options at the exercise price of HK\$17.08 per Share (the “**Batch 3 Existing Share Options**”) to certain employees and directors of the Company to subscribe for 2,320,000 Shares in accordance with the terms of the 2011 Share Option Scheme. The Batch 1 Existing Share Options, the Batch 2 Existing Share Options and the Batch 3 Existing Share Options are collectively referred to as the “**Existing Share Options**”.

CANCELLATION OF SHARE OPTIONS

As at the date hereof, among the 3,430,000 Existing Share Options, 780,000 of which have been lapsed, 20,000 of which have been exercised and the remaining 2,630,000 are exercisable (the “**Outstanding Share Options**”) in accordance with the terms of the 2011 Share Option Scheme.

The exercise prices of the Outstanding Share Options have been consistently high when compared with the prevailing market price of the Shares, which deter the option holders of the Outstanding Share Options (the “**Existing Holders**”) from exercising the Outstanding Share Options. As a result, the Outstanding Share Options could no longer serve the purpose to motivate the Existing Holders. Thus, on 5 July 2023, the board of directors of the Company (the “**Board**”) resolved to cancel the Outstanding Share Options, subject to the respective consent of the Existing Holders.

Among the 2,630,000 Outstanding Share Options, 1,040,000 of them were share options granted to Mr Lo Fai Shing Francis (“**Mr Francis Lo**”), the Chief Executive Officer, Executive Director and associate (as defined in the Listing Rules) of Mr Dennis Lo Hoi Yeung (“**Mr Dennis Lo**”), a substantial shareholder and Executive Chairman of the Company.

GRANT OF SHARE OPTIONS

The Board further announces that on 5 July 2023 (the “**Date of Grant**”), the Company offered to grant 3,750,000 new share options (the “**New Share Options**”) to the Existing Holders and other employees of the Group (collectively, the “**Grantees**”) to subscribe for 3,750,000 Shares, which are partly served as replacement of the cancelled Outstanding Share Options, subject to their respective acceptance, under the share option scheme adopted by the Company adopted on 9 September 2021 (the “**2021 Share Option Scheme**”).

Details of such grant of New Share Options are set out below:

Date of Grant	:	5 July 2023
Number of New Share Options	:	3,750,000 New Share Options (each New Share Option shall entitle the Grantees to subscribe for one Share)
Exercise price of the New Share Options	:	HK\$11.456 per Share, which is the highest of: <ul style="list-style-type: none">(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.
Closing price of the Shares on the Date of Grant	:	HK\$11.300 per Share

Exercise period of the New Share Options : The New Share Options shall be exercisable during periods as set out below:

- (i) 34% of the New Share Options shall be exercisable from 5 July 2024 to 4 July 2033;
- (ii) 33% of the New Share Options shall be exercisable from 5 July 2025 to 4 July 2033; and
- (iii) 33% of the New 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 New Share Options.

Having considered that, (i) the grant of New Share Options to the Existing Holders for their respective Outstanding Share Options being cancelled; (ii) the grant of New Share Options to the Grantees being a recognition of the Grantees' past contributions to the Group and enabling them to benefit from the business success where they made contribution to; (iii) the vesting date stated above and the value of New Share Options being linked with the future price of the Shares which will ensure that the long term interests of the Grantees and the Company are aligned and the Grantees 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 targets for the Grantees.

Clawback mechanism : Any New Share Options shall lapse and not be exercisable with immediate effect on the grounds, including but not limited to, the Grantee 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 the Grantees to facilitate the purchase of the Shares under the 2021 Share Option Scheme.

Among the 3,750,000 New Share Options offered, 1,340,000 of which were granted to the directors of the Company with details as follows:

Name	Position and Capacity	Number of New Share Options
Mr Francis Lo	<ul style="list-style-type: none"> - Executive Director - Chief Executive Officer - Associate of Mr Dennis Lo, a substantial shareholder and Executive Chairman of the Company 	1,040,000
Ms Peggy Lee (“Ms Lee”)	Executive Director	300,000

Save as disclosed above, none of the Grantees is a director, chief executive officer or substantial shareholder of the Company, nor any of their respective associates.

The remaining 2,410,000 New Share Options were granted to other employees of the Group, who are “Eligible Persons” as defined under the rules of 2021 Share Option Scheme.

After the grant of the New Share Options as disclosed in this announcement, the balance number of Shares available for future grant under the mandate of the 2021 Share Option Scheme is 9,205,278.

LISTING RULES IMPLICATIONS

Under Rule 17.04(1) of the Listing Rules, any grant of share options to a director, chief executive or substantial shareholder of the Company, or any of their respective associates, must be approved by the independent non-executive directors of the Company (the “**Independent Non-executive Directors**”) (excluding any Independent Non-executive Directors who is the grantee of share options). In addition, pursuant to Rule 17.04(3) of the Listing Rules, any grant of share options to a substantial shareholder or an Independent Non-executive Director, or any of their respective associates, which would result in the Shares issued and to be issued in respect of all share options granted (excluding any share options lapsed in accordance with the terms of the 2021 Share Option 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 Shares in issue, such further grant of share options must be approved by the independent shareholders of the Company (the “**Independent Shareholders**”) in a general meeting at which the grantee, his/her associates and all core connected persons (as defined in the Listing Rules) of the Company must abstain from voting in favour at such meeting.

Mr Francis Lo and Ms Lee, being Executive Directors and Grantees, have abstained from voting on the grant of the New Share Options to them. Further, Mr Dennis Lo, being an associate of Mr Francis Lo, has also abstained from voting in respect of the New Share Options to be conditionally granted to Mr Francis Lo. 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 grant of the New Share Options to Mr Francis Lo and Ms Lee.

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 New 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 the New Share Options is conditional upon the approval of the Independent Shareholders at a general meeting of the Company.

A circular containing information in relation to the grant of 1,040,000 New Share Options to Mr Francis Lo and the notice of the special general meeting will be despatched to the shareholders of the Company in due course in accordance with the Listing Rules.

By Order of the Board
Fairwood Holdings Limited
Dennis Lo Hoi Yeung
Executive Chairman

Hong Kong, 5 July 2023

As at the date of this announcement, the Directors of the Company are:

Executive Directors: Mr Dennis Lo Hoi Yeung (Executive Chairman), Mr Lo Fai Shing Francis (Chief Executive Officer) and Ms Peggy Lee; and

Independent Non-executive Directors: Mr Joseph Chan Kai Nin, Dr Peter Lau Kwok Kuen, Mr Peter Wan Kam To and Mr Yip Cheuk Tak.

Website: www.fairwoodholdings.com.hk