

FAIRWOOD HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 52)



Fairwood Holdings Limited (the “Company”)

Set out below are (i) procedures on how shareholders can convene a special general meeting (“**SGM**”); (ii) procedures for putting forward proposal at a shareholder’s meeting by a shareholder and (iii) procedures for shareholders to propose a person for election as a director from the perspective of the Companies Act 1981 of Bermuda (“**Companies Act**”) and the bye-laws of the Company (the “**Bye-laws**”).

1. Procedures on how Shareholders can convene an SGM

Bye-laws

1.1 Bye-law 70 sets out the position under the Bye-laws where a requisition is made by shareholders of the Company (the “**Shareholders**” and each a “**Shareholder**”). Bye-law 70 provides that an SGM shall be convened on requisition, as provided by the Statutes (as defined therein), or, in default, may be convened by the requisitionists.

Companies Act

1.2 Pursuant to section 74 of the Companies Act, a Shareholder or Shareholders holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company may requisition the directors of the Company (the “**Directors**” and each a “**Director**”) to forthwith proceed duly to convene an SGM by depositing a written requisition at the registered office of the Company.

1.3 The written requisition must state the purposes of the meeting (including the resolutions to be considered at the meeting), signed by the requisitionists, deposited at the registered office of the Company at Canon’s Court, 22 Victoria Street, Hamilton HM12, Bermuda and may consist of several documents in like form each signed by one or more requisitionists.

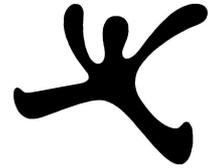
1.4 If the Directors do not within twenty-one days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition.

1.5 A meeting so convened by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by the Directors.

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2. Procedures for putting forward proposals at Shareholders meetings by a Shareholder

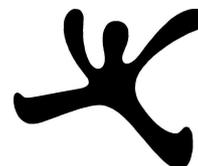
Companies Act

- 2.1 Sections 79 and 80 of the Companies Act allow certain Shareholder(s) to requisition the Company to move a resolution at an annual general meeting (“**AGM**”) of the Company or circulate a statement at any general meeting of the Company. Under section 79 of the Companies Act, at the expense of the requisitionists unless the Company otherwise resolves, it shall be the duty of the Company on the requisition in writing by such number of Shareholders:-
- (a) to give to the Shareholders entitled to receive notice of the next AGM notice of any resolution which may properly be moved and is intended to be moved at that meeting;
 - (b) to circulate to the Shareholders entitled to have notice of any general meeting sent to them any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.
- 2.2 The number of Shareholders necessary to make the above-mentioned requisitions to the Company shall be:-
- (i) either any number of Shareholders representing not less than one-twentieth of the total voting rights of all the Shareholders having at the date of the requisition a right to vote at the meeting to which the requisition relates; or
 - (ii) not less than one hundred Shareholders.
- 2.3 Notice of any such intended resolution shall be given, and any such statement shall be circulated, to Shareholders entitled to have notice of the meeting sent to them by serving a copy of the resolution or statement on each such Shareholder in any manner permitted for service of notice of the meeting, and notice of any such resolution shall be given to any other Shareholder by giving notice of the general effect of the resolution in any manner permitted for giving him notice of meeting of the Company, provided that the copy shall be served, or notice of the effect of the resolution shall be given, as the case may be, in the same manner and, so far as practicable, at the same time as notice of the meeting and, where it is not practicable for it to be served or given at that time, it shall be served or given as soon as practicable thereafter.

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2.4 Section 80 of the Companies Act sets out the conditions to be met before the Company is bound to give any notice of resolution or to circulate any statement. Pursuant to section 80 of the Companies Act, the Company shall not be bound to give notice of any resolution or to circulate any statement as mentioned in paragraph 2.1 above unless:-

- (a) a copy of the requisition signed by the requisitionists, or two or more copies which between them contain the signatures of all the requisitionists, is deposited at the registered office of the Company:-
 - (i) in the case of a requisition requiring notice of a resolution, not less than six weeks before the meeting; and
 - (ii) in the case of any other requisition, not less than one week before the meeting; and
- (b) there is deposited or tendered with the requisition a sum reasonably sufficient to meet the Company's expense in giving effect to the procedures in paragraph 2.1 above (i.e. the giving of notice of resolution and/or circulation of statement).

Provided that if, after a copy of the requisition requiring notice of a resolution has been deposited at the registered office of the Company, an AGM is called for a date six weeks or less after the copy has been deposited, the copy though not deposited within the above-mentioned time shall be deemed to have been properly deposited for the purposes thereof.

3. Procedures for Shareholders to propose a person for election as a Director

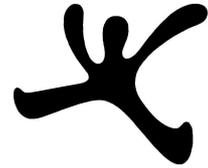
Bye-laws

- 3.1 Bye-law 112 allows Shareholders to, by ordinary resolution in general meeting, elect, or authorise the Directors to elect or appoint, any person to be a Director either to fill a vacancy or to act as an additional Director up to the maximum number of Directors previously determined in general meeting.
- 3.2 If a Shareholder wishes to propose a person for election as a Director, bye-law 114 requires that unless the person proposed to be elected as a Director is a Director retiring at the general meeting or is recommended by the Board for election (i) a notice in writing signed by a Shareholder duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose that person for election as a Director and (ii) a notice in writing signed by that person of his willingness to be elected as a Director shall have been delivered to the Company at the Company's Registration Office at Computershare Hong Kong Investor Services Limited of Rooms 1712-6, 17/F., Hopewell Centre, 183 Queen's Road East, Hong Kong within the prescribed period stated below.

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- 3.3 The period for lodgment of the notices referred to in paragraph 3.2 above shall be a 7-day period commencing on the day after the despatch of the notice of the meeting for such election of Director(s) and ending on the date falling 7 days after the despatch of the said notice of the meeting. The Directors may determine and notify the Shareholders of a different period for lodgment of the said notices, however such period shall in any event be a period of not less than 7 days, commencing on no earlier than the day after the despatch of the said notice of the meeting and ending no later than 7 days prior to the date of such meeting.

Companies Act

- 3.4 Alternatively, if no general meeting has already been convened, a Shareholder may propose a person for election as a Director by requisitioning the Company to convene an SGM, provided that he is holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company. Please refer to the procedures set out in paragraphs 1.2 to 1.5 above for procedures of how to convene an SGM by way of requisition. The requirements under bye-law 114 will also have to be satisfied.
- 4. As the Company is listed on The Stock Exchange of Hong Kong, please also consider whether there is any listing rules implications on the above matters.**