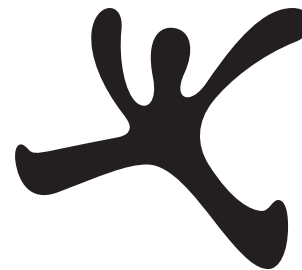


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FAIRWOOD HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 52)



INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

HIGHLIGHTS

- Profit for the period rose by 12.1% to HK\$75.3 million
- Turnover increased by 11.4% to HK\$1,128.8 million
- Gross profit margin increased by 1.0 percentage point to 15.0%
- Annualized return on average equity¹ was 27.3%
- Basic earnings per share were HK59.78 cents, up 11.8%
- The Board of Directors declared an interim dividend of HK28.0 cents per share, up 21.7%

Note 1: Annualized return on average equity is defined as profit for the period attributable to equity shareholders of the Company against the average total equity at the beginning and the end of the reporting period and then multiplied by two

INTERIM RESULTS

The Board of Directors (the “Board”) of Fairwood Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2014 together with the comparative figures for the six months ended 30 September 2013. The interim financial results are unaudited, but have been reviewed by the Company’s audit committee and the Company’s auditor, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014 – UNAUDITED

		Six months ended	
		30 September	
		2014	2013
	<i>Note</i>	HK\$’000	<i>HK\$’000</i>
Turnover	3	1,128,766	1,012,960
Cost of sales		<u>(959,111)</u>	<u>(871,412)</u>
Gross profit		169,655	141,548
Other revenue	4	3,081	2,120
Other net income	4	592	2,347
Selling expenses		(17,325)	(15,684)
Administrative expenses		(53,238)	(45,938)
Valuation gains on investment properties		2,692	1,782
Impairment losses on fixed assets		<u>(8,355)</u>	<u>(4,387)</u>
Profit from operations		97,102	81,788
Finance costs	5(a)	<u>(36)</u>	<u>(307)</u>
Profit before taxation	5	97,066	81,481
Income tax	6	<u>(21,757)</u>	<u>(14,312)</u>
Profit for the period attributable to equity shareholders of the Company		<u>75,309</u>	<u>67,169</u>
Earnings per share	8		
Basic		<u>HK59.78 cents</u>	<u>HK53.48 cents</u>
Diluted		<u>HK59.35 cents</u>	<u>HK52.86 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014 – UNAUDITED

	Six months ended	
	30 September	
	2014	2013
	HK\$'000	HK\$'000
Profit for the period attributable to equity shareholders of the Company	75,309	67,169
Other comprehensive income for the period (after tax):		
Item that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of the financial statements of Mainland China subsidiaries	<u>206</u>	<u>1,496</u>
Total comprehensive income for the period attributable to equity shareholders of the Company	<u>75,515</u>	<u>68,665</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2014 – UNAUDITED

		At 30 September 2014 <i>HK\$'000</i>	At 31 March 2014 <i>HK\$'000</i>
	<i>Note</i>		
Non-current assets			
Fixed assets			
– Investment properties		60,021	57,329
– Other property, plant and equipment		374,264	339,600
– Interests in leasehold land held for own use under operating leases		6,933	7,039
		<u>441,218</u>	403,968
Goodwill		1,001	1,001
Rental deposits paid		51,111	51,048
Other financial assets	9	8,932	8,826
Deferred tax assets		534	1,957
		<u>502,796</u>	466,800
Current assets			
Inventories		49,568	30,820
Trade and other receivables	10	62,066	56,823
Other financial assets	9	7,564	7,394
Current tax recoverable		72	54
Bank deposits and cash		425,101	326,058
		<u>544,371</u>	421,149
Current liabilities			
Trade and other payables	11	377,294	265,307
Bank loans		4,387	9,852
Current tax payable		20,582	10,034
Provisions	12	13,060	8,575
		<u>415,323</u>	293,768
Net current assets		<u>129,048</u>	127,381
Total assets less current liabilities		<u>631,844</u>	594,181

		At 30 September 2014 <i>HK\$'000</i>	At 31 March 2014 <i>HK\$'000</i>
	<i>Note</i>		
Non-current liabilities			
Bank loans		8,830	11,065
Deferred tax liabilities		18,633	14,984
Rental deposits received		1,337	1,368
Provisions	12	34,792	31,502
		<u>63,592</u>	<u>58,919</u>
Net assets		<u><u>568,252</u></u>	<u><u>535,262</u></u>
Capital and reserves			
Share capital		126,397	125,465
Reserves		441,855	409,797
Total equity		<u><u>568,252</u></u>	<u><u>535,262</u></u>

1 BASIS OF PREPARATION

The interim financial results have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the HKICPA.

The interim financial results have been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The financial information relating to the financial year ended 31 March 2014 that is included in the interim financial results as being previously reported information does not constitute the Company’s statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 March 2014 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 26 June 2014.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs and one new interpretation that are first effective for the current accounting period of the Group. Of these, the amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets* are relevant to the Group’s financial statements.

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or cash-generating unit for which an impairment loss has been recognized or reversed during the reporting period. These amendments do not have an impact on the Group’s interim financial report.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 TURNOVER AND SEGMENT REPORTING

(a) *Turnover*

The principal activities of the Group are operation of fast food restaurants and property investments.

Turnover represents the sales value of food and beverages sold to customers and rental income. An analysis of turnover is as follows:

	Six months ended	
	30 September	
	2014	2013
	HK\$'000	HK\$'000
Sale of food and beverages	1,125,956	1,010,552
Property rental	2,810	2,408
	<u>1,128,766</u>	<u>1,012,960</u>

(b) *Segment reporting*

The Group manages its businesses by two divisions, namely Hong Kong restaurants and Mainland China restaurants, which are organised by geographical location. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Hong Kong restaurants: this segment operates fast food restaurants in Hong Kong.
- Mainland China restaurants: this segment operates fast food restaurants in Mainland China.

Other segments generate profits mainly from leasing of investment properties and include corporate expenses.

(i) *Segment results*

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results of each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Performance is measured based on segment profit before taxation. Items not specifically attributable to individual segments are not allocated to the reporting segments.

In addition to receiving segment information concerning segment profit, management is provided with segment information concerning revenue (including inter-segment revenue) and cost of sales (including food cost, labour cost, rent and rates and depreciation). The inter-segment transactions were conducted on normal commercial terms and were priced with reference to prevailing market prices and in the ordinary course of business.

Segment assets information is not reported or used by the Group's most senior executive management.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the periods is set out below.

For the six months ended 30 September	Hong Kong restaurants		Mainland China restaurants		Other segments		Total	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Revenue from external customers	1,029,966	922,264	95,990	88,288	2,810	2,408	1,128,766	1,012,960
Inter-segment revenue	-	-	-	-	2,500	2,352	2,500	2,352
Reportable segment revenue	1,029,966	922,264	95,990	88,288	5,310	4,760	1,131,266	1,015,312
Reportable segment profit/(loss)	102,597	82,235	(4,664)	(2,207)	4,497	3,855	102,430	83,883

(ii) *Reconciliations of reportable segment profit*

	Six months ended 30 September	
	2014 HK\$'000	2013 HK\$'000
Profit		
Reportable segment profit before taxation	102,430	83,883
Change in fair value of other financial assets at fair value through profit or loss	170	-
Change in fair value of other financial liabilities at fair value through profit or loss	129	203
Valuation gains on investment properties	2,692	1,782
Impairment losses on fixed assets	(8,355)	(4,387)
Consolidated profit before taxation	97,066	81,481

4 OTHER REVENUE AND NET INCOME

	Six months ended 30 September	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Other revenue</i>		
Interest income	<u>3,081</u>	<u>2,120</u>
<i>Other net income</i>		
Electric and gas range incentives	1,913	2,096
Net foreign exchange gain	1,704	1,161
Profit on sale of redemption gifts	647	581
Compensation for early termination of tenancy leases	(3,601)	–
Net loss on disposal of fixed assets	(859)	(2,341)
Others	<u>788</u>	<u>850</u>
	<u>592</u>	<u>2,347</u>

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 September	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>(a) Finance costs:</i>		
Interest on bank borrowings	335	510
Change in fair value of other financial assets at fair value through profit or loss	(170)	–
Change in fair value of other financial liabilities at fair value through profit or loss	<u>(129)</u>	<u>(203)</u>
	<u>36</u>	<u>307</u>
<i>(b) Other items:</i>		
Cost of inventories (<i>Note</i>)	292,614	269,922
Depreciation of fixed assets	41,161	36,792
Amortisation of interests in leasehold land held for own use under operating leases	106	106
Equity-settled share-based payment expenses/(income)	<u>78</u>	<u>(170)</u>

Note: The cost of inventories represents food and beverage costs.

6 INCOME TAX

	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
<i>Current tax</i>		
Provision for Hong Kong Profits Tax	16,667	15,267
<i>Deferred tax</i>		
Origination and reversal of temporary differences	<u>5,090</u>	<u>(955)</u>
	<u>21,757</u>	<u>14,312</u>

The provision for Hong Kong Profits Tax is calculated at 16.5% (2013: 16.5%) of the estimated assessable profits for the six months ended 30 September 2014.

No provision has been made for the People's Republic of China (the "PRC") corporate tax for the six months ended 30 September 2014 as the Group's Mainland China operations sustained a loss for taxation purpose during the period.

7 DIVIDENDS

(a) Dividends payable to equity shareholders of the Company attributable to the interim period

	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
Interim dividend declared and payable after the interim period of HK28.0 cents (2013: HK23.0 cents) per share	<u>35,391</u>	<u>28,880</u>

The interim dividend has not been recognised as a liability at the end of the reporting period.

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and payable during the interim period

	Six months ended	
	30 September	
	2014	2013
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year ended 31 March 2014, approved and payable during the following interim period, of HK39.0 cents (year ended 31 March 2013: HK39.0 cents) per share	49,295	48,949
Special final dividend in respect of the previous financial year ended 31 March 2014, approved and payable during the following interim period, of HK nil cent (year ended 31 March 2013: HK10.0 cents) per share	—	12,551
	49,295	61,500

In respect of the final dividend and special final dividend for the years ended 31 March 2014 and 31 March 2013, there is a difference of HK\$364,000 (year ended 31 March 2013: HK\$163,000) between the final dividend and special final dividend disclosed in the 2014 annual financial statements and amounts approved and payable during the period. The difference represents dividends attributable to (i) shares repurchased and (ii) new shares issued upon the exercise of share options, before the closing date of the register of members.

8 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 September 2014 is based on the profit attributable to ordinary equity shareholders of the Company of HK\$75,309,000 (2013: HK\$67,169,000) and the weighted average number of ordinary shares of 125,974,000 shares (2013: 125,591,000 shares) in issue during the period.

(b) *Diluted earnings per share*

The calculation of diluted earnings per share for the six months ended 30 September 2014 is based on the profit attributable to ordinary equity shareholders of the Company of HK\$75,309,000 (2013: HK\$67,169,000) and the weighted average number of ordinary shares of 126,899,000 shares (2013: 127,077,000 shares), calculated as follows:

	Six months ended	
	30 September	
	2014	2013
	<i>Number</i>	<i>Number</i>
	<i>of shares</i>	<i>of shares</i>
	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares used in calculating basic earnings per share	125,974	125,591
Effect of deemed issue of ordinary shares under the Company's share option scheme for nil consideration	925	1,486
	<hr/>	<hr/>
Weighted average number of ordinary shares used in calculating diluted earnings per share	126,899	127,077
	<hr/> <hr/>	<hr/> <hr/>

9 OTHER FINANCIAL ASSETS

	At	At
	30 September	31 March
	2014	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current financial assets		
Held-to-maturity debt security		
– Unlisted but quoted	8,932	8,826
Current financial assets		
Principal protected structured note		
– Unlisted but quoted	7,564	7,394
	<hr/>	<hr/>
	16,496	16,220
	<hr/> <hr/>	<hr/> <hr/>

The debt security was issued by a financial institution in Mainland China, denominated in Renminbi, bore interest at a rate of 3.6% per annum and had a term of five years from 13 November 2013 to 13 November 2018.

The principal protected structured note was issued by a financial institution in Hong Kong. The interest rate is determined with reference to the exchange rate of the United States dollars (“USD”) against Renminbi (“RMB”) at the fixing date on 6 February 2015.

10 TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade debtors (net of allowance for doubtful debts), based on the invoice date, with the following ageing analysis:

	At 30 September 2014 <i>HK\$'000</i>	At 31 March 2014 <i>HK\$'000</i>
1 to 30 days	1,872	1,892
31 to 90 days	2	312
91 to 180 days	-	20
	<u>1,874</u>	<u>2,224</u>

The Group's sales to customers are mainly on a cash basis. The Group also grants credit terms of 30 to 75 days to certain customers to which the Group provides catering services.

11 TRADE AND OTHER PAYABLES

	At 30 September 2014 <i>HK\$'000</i>	At 31 March 2014 <i>HK\$'000</i>
Creditors and accrued expenses	304,833	244,342
Receipts in advance and deferred income	22,520	20,370
Dividends payable	49,295	-
Rental deposits received	523	343
Derivative financial instruments	123	252
	<u>377,294</u>	<u>265,307</u>

Included in trade and other payables are trade creditors, based on the invoice date, with the following ageing analysis:

	At 30 September 2014 <i>HK\$'000</i>	At 31 March 2014 <i>HK\$'000</i>
1 to 30 days	99,764	81,148
31 to 90 days	5,190	172
91 to 180 days	2,469	3,014
181 to 365 days	660	785
Over one year	656	681
	<u>108,739</u>	<u>85,800</u>

12 PROVISIONS

	At 30 September 2014 <i>HK\$'000</i>	At 31 March 2014 <i>HK\$'000</i>
Provision for long service payments	9,300	10,940
Provision for reinstatement costs for rented premises	38,552	29,137
	<u>47,852</u>	<u>40,077</u>
Less: Amount included under “current liabilities”	(13,060)	(8,575)
	<u><u>34,792</u></u>	<u><u>31,502</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

Overall performance

For the six months ended 30 September 2014, the Group achieved encouraging results with an increase in turnover of 11.4% to HK\$1,128.8 million, up from HK\$1,013.0 million recorded during the corresponding period last year. Gross profit margin rose modestly to 15.0%. Profit for the period attributable to equity shareholders of the Company was HK\$75.3 million, an increase of 12.1% from HK\$67.2 million reported for the same period last year. Basic earnings per share were HK59.78 cents (six months ended 30 September 2013: HK53.48 cents).

Business review

Hong Kong

Fairwood has always strived diligently to deliver promising results. Leveraging its successful business model, the management has once again been able to achieve satisfactory growth during the review period. With ongoing innovation, continuous improvement of signature dishes, and favourable response to the “No MSG” series, the Group recorded healthy same-store sales growth, contributed by both higher headcount and average customer spending. In response to wider market needs, the Group embarked on an aggressive expansion plan; opening a total of nine new stores within the past six months. These new stores, conveniently located in residential estates, shopping malls and MTR stations, are able to address the needs of customers from different target segments.

Apart from the development of fast food stores, the Group believes that it is crucial to look for opportunities to expand its specialty restaurant network and diversify Fairwood’s brand portfolio to support its sustainable growth in today’s rapidly changing marketplace. Over the years, Fairwood has opened new specialty restaurants including the Kenting Tea House and Buddies Cafe to cater for a wide range of tastes and preferences. These initiatives have received positive market response; hence further investments will be allocated to this area.

Fairwood's successful business model, highlighted by its global sourcing strategy, effective menu planning catering for customers' needs, flexible manpower scheduling and supported by the SAP Enterprise Resources Planning ("ERP") system and Central Food Processing Plant, has enabled it to better manage the issues of rising costs in food, rental and labour. Additional capital was also earmarked for enhancement of the Central Food Processing Plant during the period. Consequently, automation processes were optimised, leading to better consistency in food quality. Such efforts resulted in the streamlining of business operations as well, leading to higher profitability.

Fairwood always believes that it is the people who make the difference. As one of the leading fast food operators in Hong Kong, the Group has been dedicated to opening the door of development opportunity to its staff, allowing them to learn, train and achieve career advancement. The labour market in Hong Kong has remained fiercely competitive; F&B companies, including Fairwood, have encountered difficulties in recruiting frontline staff. Nonetheless, Fairwood's ongoing efforts on talent management and fostering a happy culture within the organization have enabled it to build a happy working team, thus the Group has been less affected by the labour shortage problem. With its stable workforce of high morale, Fairwood is confident in its ability to continue delivering happy dining experiences to its customers.

Mainland China

During the review period, the Group has consolidated its Mainland China business. Underperforming stores were closed; while more efforts and resources were placed on well-established profit-making stores located in first-tier cities. The overall performance of the Mainland China business has subsequently improved, with notable growth in same-store sales.

Several strategic moves have been formulated to enable the Group's Mainland China business to turnaround. Firstly, the Group has strategically refocused its efforts to first-tier cities in Southern China, particularly in prominent areas such as large popular shopping malls and train stations, which have higher pedestrian flows to attract individuals with generally greater purchasing power. Secondly, the Group is collaborating with a strategic partner to operate its food processing plant in Mainland China, which will serve as the backbone for supporting local operations. Leveraging favourable CEPA policies, the Group's Hong Kong Central Food Processing Plant can also supply certain food ingredients to its Mainland China operation. Through these initiatives, the management is optimistic about the Group's ability to achieve further inroads into the local market.

Network

During the review period, the Group opened 9 new fast food stores in Hong Kong. As at 30 September 2014, the Group has a total of 117 stores in operation in Hong Kong, including 110 fast food stores and 7 specialty restaurants. In Mainland China, the Group operated 17 fast food stores as at the end of the reporting period.

Prospect

Moving forward, the management is planning to implement a number of initiatives that will respectively expand Fairwood's fast food network and develop innovative concepts to enlarge the Group's specialty restaurant portfolio. With respect to the latter, a new concept restaurant is expected to be launched in the near future.

The Hong Kong market is expected to remain healthy. In the long run, the Group will not only seek to consistently deliver quality cuisine to its customers, but also continue to focus on staff development and process enhancement, leading to higher overall efficiency and ultimately healthy organic growth. In addition, a broad spectrum of corporate social responsibility initiatives will continue, including the "Fairwood \$4 Meal" and "Fairwood Gives Warmth" campaigns, aiming to directly benefit the less fortunate in the society.

Fairwood will remain resolute in its determination to deliver satisfactory returns to its shareholders, maintain a productive and cohesive workforce, provide pleasant dining experiences to customers and contribute to the betterment of communities in which it operates. Through such efforts, the Group will be able to continue fulfilling its mission, "Enjoy Great Food, Live a Great Life".

Financial Review

Liquidity and financial resources

At 30 September 2014, total assets of the Group amounted to HK\$1,047.2 million (31 March 2014: HK\$887.9 million). The Group's working capital was HK\$129.0 million (31 March 2014: HK\$127.4 million), represented by total current assets of HK\$544.3 million (31 March 2014: HK\$421.2 million) against total current liabilities of HK\$415.3 million (31 March 2014: HK\$293.8 million). The current ratio, being the proportion of total current assets against total current liabilities, was 1.3 (31 March 2014: 1.4). Total equity was HK\$568.3 million (31 March 2014: HK\$535.3 million).

The Group finances its business with internally generated cash flows and available banking facilities. At 30 September 2014, the Group had bank deposits and cash amounting to HK\$425.1 million (31 March 2014: HK\$326.1 million), representing an increase of 30.4% from 31 March 2014. Most bank deposits and cash were denominated in Hong Kong dollars, United States dollars and Renminbi.

At 30 September 2014, the Group had total bank loans of HK\$13.2 million (31 March 2014: HK\$20.9 million) denominated in Hong Kong dollars. All of the Group's bank borrowings were subject to floating rate basis and the maturity of borrowings are up to 2019. The unutilised banking facilities were HK\$260.7 million (31 March 2014: HK\$276.3 million). The gearing ratio of the Group was 2.3% (31 March 2014: 3.9%), which was calculated based on the total bank loans over total equity.

Profitability

Annualized return on average equity was 27.3% (year ended 31 March 2014: 20.4%), being profit for the period attributable to equity shareholders of the Company against the average total equity at the beginning and the end of the reporting period and then multiplied by two.

Financial risk management

The Group's receipts and expenditures were mainly denominated in Hong Kong dollars and Renminbi. The impact of the fluctuation in exchange rate is immaterial to the Group's financial position.

The Group is exposed to foreign currency risk primarily through cash at bank and other financial assets that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States dollars and Renminbi. As United States dollar is pegged to Hong Kong dollar, the Group does not expect any significant movements in the United States dollar/Hong Kong dollar exchange rate. The Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short term imbalances.

For the purpose of offsetting the exposure of the interest rate fluctuation, the Group had entered into a forward interest rate swap with a financial institution. The swap was arranged to match the maturity of the repayment schedule of a bank loan with the maturity over the next 2 years and had the fixed swap rate of 2.74%.

Charges on Group's assets

As at the end of the reporting period, the net book value of properties pledged as security for banking facilities granted to certain subsidiaries of the Group amounted to HK\$22.9 million (31 March 2014: HK\$45.5 million).

Commitments

As at 30 September 2014, the Group's outstanding capital commitments was HK\$1.7 million (31 March 2014: HK\$31.0 million). Included in capital commitments outstanding at 30 September 2014 was an amount of HK\$ nil (31 March 2014: HK\$7.9 million) for the future development of the central food processing plant.

Contingent liabilities

At 30 September 2014, guarantees are given to banks by the Company in respect of mortgage loans and other banking facilities extended to certain wholly-owned subsidiaries.

As at the end of the reporting period, the directors of the Company do not consider it probable that a claim will be made against the Company under the guarantee arrangement. The maximum liability of the Company at the end of the reporting period under the guarantees is the amount of the outstanding utilised facilities by all the subsidiaries that are covered by the guarantees, being HK\$72.3 million (31 March 2014: HK\$82.1 million).

The Company has not recognised any deferred income in respect of the guarantee as its fair value cannot be reliably measured and there is no transaction price.

Employee information

At 30 September 2014, the total number of employees of the Group was approximately 4,900 (31 March 2014: 4,600). Employees' remuneration is commensurate with their job nature, qualifications and experience. Salaries and wages are normally reviewed annually based on performance appraisals and other relevant factors.

The Group continues to offer competitive remuneration packages, share options and bonus to eligible staff, based on the performance of the Group and the individual employee. Also, the Group has committed to provide related training programme to improve the quality, competence and skills of all staff.

DIVIDENDS

The Board declared an interim dividend of HK28.0 cents (2013: HK23.0 cents) per share for the six months ended 30 September 2014 to shareholders whose names appear on the Register of Members of the Company at the close of business on Wednesday, 17 December 2014. The declared dividend represents a distribution of approximately 47% of the Group's profit for the period attributable to equity shareholders. The interim dividend will be paid on or before Tuesday, 30 December 2014.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 15 December 2014 to Wednesday, 17 December 2014 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars, Computershare Hong Kong Investor Services Limited at Rooms 1712-6, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Friday, 12 December 2014 for registration.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 September 2014, the Company repurchased its own shares on the Stock Exchange as follows:

Month/Year	Number of shares repurchased	Highest price paid per share <i>HK\$</i>	Lowest price paid per share <i>HK\$</i>	Aggregate price paid <i>HK\$</i>
September 2014	<u>50,000</u>	17.10	17.00	<u>853,300</u>

The above repurchased shares were not cancelled and the nominal value of these shares was not deducted from the issued share capital of the Company as at 30 September 2014.

Saved as disclosed above, there were no other purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the period.

CORPORATE GOVERNANCE

The Company has complied with the applicable code provisions of the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2014, save and except that the Chairman and/or the Managing Director (Chief Executive Officer) of the Company are not subject to retirement by rotation under the Bye-laws of the Company.

Code provision A.4.2 of the CG Code stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years; however, the Chairman and/or the Managing Director of the Company are not subject to retirement by rotation under the Bye-laws of the Company. The Board considers that the exemption of both the Chairman and/or the Managing Director (the Chief Executive Officer) of the Company from such retirement by rotation provisions would provide the Group with strong and consistent leadership, efficient use of resources, effective planning, formulation and implementation of long-term strategies and business plans. The Board believes that it would be in the best interest of the Company for such Directors to continue to be exempted from retirement by rotation provisions.

AUDIT COMMITTEE

The audit committee comprises one Non-executive Director and three Independent Non-executive Directors of the Company and reports to the Board. The audit committee has reviewed with the management and the Company's external auditors the unaudited financial information and interim results for the six months ended 30 September 2014.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules for securities transactions by Directors of the Company. Following specific enquiry by the Company, all Directors of the Company confirmed their compliance with the required standards set out in the Model Code throughout the six months ended 30 September 2014.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on the websites of the Company (www.fairwoodholdings.com.hk) and the Stock Exchange (www.hkex.com.hk). The interim report of the Company for the six months ended 30 September 2014 containing all information required by the Listing Rules will be dispatched to shareholders of the Company and available on the same websites in due course.

By Order of the Board
Dennis Lo Hoi Yeung
Executive Chairman

Hong Kong, 28 November 2014

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

Executive Directors: Mr Dennis Lo Hoi Yeung (Executive Chairman), Mr Chan Chee Shing (Chief Executive Officer) and Ms Mak Yee Mei;

Non-executive Director: Mr Ng Chi Keung; and

Independent Non-executive Directors: Mr Joseph Chan Kai Nin, Dr Peter Lau Kwok Kuen, Mr Tony Tsoi Tong Hoo and Mr Peter Wan Kam To.