FAIRWOOD HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 0052)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

FINANCIAL HIGHLIGHTS

- **Turnover increased by 21.3% to HK$699.6 million**
- **Gross profit margin improved from 12.4% to 13.0%**
- **Profit for the period increased by 27.2% to HK$52.5 million**
- **The Board of Directors declared an interim dividend of HK19.0 cents (2006: HK16.0 cents) per share**
- **Earnings per share were HK41.02 cents (2006: HK32.69 cents)**

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 2007 together with the comparative figures for the period ended 30 September 2006. The results have been reviewed by the Company's auditors, KPMG, and the Company's audit committee.

CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007 – UNAUDITED

		Six months ended 30 September	
		2007	2006
	Note	***HK$'000***	*HK$'000*
Turnover	*2*	**699,593**	576,976
Cost of sales		**(608,653)**	(505,490)
Gross profit		**90,940**	71,486
Other revenue		**3,806**	2,340
Other net income		**2,802**	2,509
Administrative expenses		**(34,489)**	(29,628)
Impairment losses on fixed assets		**(2,327)**	(2,100)
Valuation gains on investment properties		**3,122**	374
Profit from operations		**63,854**	44,981
Finance costs	*3(a)*	**(2,026)**	(339)
Profit before taxation	*3*	**61,828**	44,642
Income tax	*4*	**(9,320)**	(3,376)
Profit for the period attributable to equity shareholders of the Company		**52,508**	41,266
Dividend payable to equity shareholders of the Company attributable to the interim period	*5*		
Interim dividend		**24,246**	20,290
Earnings per share	*6*		
Basic		**41.02 cents**	32.69 cents
Diluted		**40.68 cents**	32.08 cents

CONSOLIDATED BALANCE SHEET
AT 30 SEPTEMBER 2007 – UNAUDITED

	Note	At 30 September 2007 HK$'000	At 31 March 2007 HK$'000
Non-current assets			
Fixed assets			
– Investment properties		**42,444**	39,322
– Other property, plant and equipment		**239,392**	238,085
		281,836	277,407
Goodwill		**1,001**	1,001
Rental deposits paid		**36,027**	31,897
Other financial assets	*7*	**38,572**	40,439
Deferred tax assets		**791**	488
		358,227	351,232
Current assets			
Inventories		**21,788**	18,023
Trade and other receivables	*8*	**43,191**	34,248
Tax recoverable		**123**	118
Other financial assets	*7*	**45,060**	58,960
Cash and cash equivalents		**146,090**	115,197
		256,252	226,546
Current liabilities			
Bank overdrafts		**1,990**	–
Trade and other payables	*9*	**209,618**	199,907
Current portion of secured bank loans		**3,000**	3,000
Other loans		**8,711**	8,711
Tax payable		**13,954**	4,797
Provisions for long service payments and lease reinstatement costs		**3,387**	2,053
		240,660	218,468
Net current assets		**15,592**	8,078
Total assets less current liabilities		**373,819**	359,310
Non-current liabilities			
Deferred tax liabilities		**30**	30
Secured bank loans		**1,850**	3,350
Rental deposits received		**1,275**	2,961
Provisions for long service payments and lease reinstatement costs		**18,487**	19,137
		21,642	25,478
Net assets		**352,177**	333,832
Capital and reserves			
Share capital		**127,916**	127,522
Reserves		**224,261**	206,310
Total equity attributable to equity shareholders of the Company		**352,177**	333,832

Notes

1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issuance on 27 November 2007.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2007 annual financial statements. In the current interim period, the Group has applied, for the first time, certain new standards and amendments issued by the HKICPA, which are effective for accounting periods beginning on or after 1 January 2007. The adoption of these new standards and amendments has no material effect on how the results for the current and/or prior accounting periods are prepared and presented.

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 interim financial report is unaudited, but has been reviewed by 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 HKICPA. In addition, this interim financial report has been reviewed by the Company's Audit Committee.

The financial information relating to the financial year ended 31 March 2007 that is included in the interim financial report 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 2007 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 12 July 2007.

2 SEGMENT REPORTING

Segment information is presented in respect of the Group's business segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

Business segments

The Group's main business segments comprise:

Restaurant operation : Selling of food and beverages in restaurants.

Property leasing : Leasing of premises to generate rental income.

	Restaurant operation		Property leasing		Inter-segment elimination		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**692,373**	569,027	**7,220**	7,949	**–**	–	**699,593**	576,976
Inter-segment revenue	**–**	–	**3,118**	2,866	**(3,118)**	(2,866)	**–**	–
Total	**692,373**	569,027	**10,338**	10,815	**(3,118)**	(2,866)	**699,593**	576,976
Segment result	**53,831**	39,306	**6,619**	4,200	**–**	–	**60,450**	43,506
Unallocated operating income and expenses							**3,404**	1,475
Profit from operations							**63,854**	44,981
Finance costs							**(2,026)**	(339)
Income tax							**(9,320)**	(3,376)
Profit for the period							**52,508**	41,266

3 PROFIT BEFORE TAXATION

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

	Six months ended 30 September	
	2007	2006
	HK$'000	*HK$'000*
(a) Finance costs:		
Change in fair value of other financial assets at fair value through profit or loss	**1,867**	–
Interest on bank borrowings	**159**	339
	2,026	339
(b) Other items:		
Cost of inventories *(note)*	**200,122**	150,013
Depreciation of fixed assets	**21,285**	20,735
Interest income from bank deposits	**(3,806)**	(2,340)
Net loss on disposal of fixed assets	**24**	168

Note: This represents food costs.

4 INCOME TAX

	Six months ended 30 September	
	2007	2006
	HK$'000	*HK$'000*
Current tax		
Provision for Hong Kong Profits Tax	**9,144**	2,219
The People's Republic of China (the "PRC") taxation	**479**	509
	9,623	2,728
Deferred tax		
Origination and reversal of temporary differences	**(303)**	648
Total income tax expense	**9,320**	3,376

The provision for Hong Kong Profits Tax is calculated at 17.5% (2006: 17.5%) of the estimated assessable profits for the six months ended 30 September 2007. PRC taxation represents PRC withholding tax and PRC foreign enterprise income tax for the period and is charged at the appropriate current rates of taxation ruling in the relevant provinces in the PRC.

5 DIVIDEND

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

	Six months ended 30 September	
	2007	2006
	HK$'000	*HK$'000*
Interim dividend declared and payable after the interim period of HK19.0 cents (2006: HK16.0 cents) per share	**24,246**	20,290

The interim dividend has not been recognised as a liability at the balance sheet date.

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

	Six months ended 30 September	
	2007	2006
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year ended 31 March 2007, approved and paid during the interim period, of HK24.0 cents (31 March 2006: HK18.0 cents) per share	**30,758**	22,790

6 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the period ended 30 September 2007 is based on the profit attributable to ordinary equity shareholders of the Company of HK$52,508,000 (2006: HK$41,266,000) and the weighted average of 128,012,000 ordinary shares (2006: 126,225,000 shares) in issue during the period.

(b) Diluted earnings per share

The calculation of diluted earnings per share for the period ended 30 September 2007 is based on the profit attributable to ordinary equity shareholders of the Company of HK$52,508,000 (2006: HK$41,266,000) and the weighted average number of ordinary shares of 129,085,000 ordinary shares (2006: 128,631,000 shares), calculated as follows:

	Six months ended 30 September	
	2007	2006
	Number of share	*Number of share*
	'000	*'000*
Weighted average number of ordinary shares used in calculating basic earnings per share	**128,012**	126,225
Deemed issue of ordinary shares for nil consideration	**1,073**	2,406
Weighted average number of ordinary shares used in calculating diluted earnings per share	**129,085**	128,631

7 OTHER FINANCIAL ASSETS

Other financial assets represent principal protected structured deposits placed with banks which are subject to call option at the discretion of the banks before the maturity dates. Interest is receivable on a quarterly or annual basis and calculated at fixed or variable rates with reference to market rate fluctuations, including LIBOR, foreign currency exchange rate and equity market performance.

8 TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade debtors (net of impairment losses) with the following ageing analysis:

	At 30 September 2007	At 31 March 2007
	HK$'000	*HK$'000*
Current to 30 days	**5,751**	5,425
31 to 90 days	**405**	327
91 to 180 days	**5**	15
181 to 365 days	**8**	–
	6,169	5,767

The Group's sales to customers are mainly on cash basis. The Group also grants certain customers of the Group's catering services with credit terms of between 30 to 90 days.

9 TRADE AND OTHER PAYABLES

Included in trade and other payables are trade creditors with the following ageing analysis:

	At 30 September 2007	At 31 March 2007
	HK$'000	*HK$'000*
Current to 30 days	**66,369**	61,002
31 to 90 days	**6,319**	3,208
91 to 180 days	**235**	2,202
181 to 365 days	**486**	71
Over one year	**456**	490
	73,865	66,973

MANAGEMENT DISCUSSION & ANALYSIS

Overall performance

Total turnover of the Group for the six months ended 30 September 2007 increased by 21.3% to HK$699.6 million from HK$577.0 million booked in the last corresponding period. Gross profit margin improved slightly to 13.0% for the six months ended 30 September 2007 (six months ended 30 September 2006: 12.4%). Profit attributable to equity shareholders was HK$52.5 million, an increase of 27.2% as compared to HK$41.3 million for the six months ended 30 September 2006. Basic earnings per share were HK41.02 cents (six months ended 30 September 2006: HK32.69 cents).

Business review

Since the launch of Fairwood's re-branding campaign in November 2003, the "Fairwood" brand has been recognised by customers at large for its innovativeness. Entering its second 3-year plan, Fairwood continued to enhance its brand value through the implementation of a new series of marketing strategies and introduction of new recipes. Its latest advertising campaign featuring three young celebrities was shot on several locations in Italy for promoting the exquisite taste of the Group's products.

To accelerate expansion in Mainland China is one of the major goals of the Group's new 3-year plan. With the rapid growth of the China economy, the Group continued to report growth of its business in that sector and achieved a 26.8% growth in sales during the period under review.

The fast food industry in the Hong Kong market remained highly competitive. Rising food costs and appreciation of the RMB posed further pressure on the profitability of the Group. Despite the continuing market and operational challenges, the Group managed to maintain its growth momentum and profit margin through the offering of products of contemporary tastes that appealed to young and affluent customers and continuous improvement in operational efficiency. For the six months ended 30 September 2007, the Group recorded double-digit sales growth with increases in both customer headcount and average customer spending.

During the period under review, the Group opened 4 new fast food outlets including 3 in Hong Kong and 1 in Mainland China. As at 30 September 2007, the Group had a total of 90 outlets in operation in Hong Kong, including 82 fast food outlets, 3 Buddies Cafes and 5 specialty restaurants. As for the Mainland China operation, it had 9 fast food outlets and 2 institutional catering outlets as at period end.

Prospect

The Hong Kong economy expanded rapidly in the second quarter of 2007. The improving labour market and strong consumer confidence is expected to continue to support consumption spending in the retail market in the second half year. However, the rising rental, food prices and labour costs that come along with a strengthening economy will put pressure on the Group's profitability. With Fairwood's vibrant brand image and proven operational procedures, the Group will continue its focus on enhancing product and service quality and developing new products in order to further strengthen its position in the local fast food industry. The Group's new outlet in the departure terminal of the Hong Kong International Airport, one of the busiest airports in the world, gives the Group the opportunity to testify the suitability of its products to the tastes of customers of different nationalities.

Looking ahead, the Group will accelerate its expansion plan for Mainland China by adding new outlets at prime locations in Guangzhou to capture the fast growing market in Southern China. On the production front and as part of the long term expansion strategy of the Group, studies on building a central kitchen and supporting infrastructure in Guangdong province are underway. The central kitchen will ensure products are of consistently high quality and at the same time optimize production cycle time to further enhance both economy of scale and profitability of the Group in the long term.

To complement the plan of operating 100 fast food outlets in Hong Kong and 40 in Mainland China by 2010, the Group will continue to focus on improving customers' dining experience, assuring premier food quality, developing new dishes and creating the most comfortable and pleasant dining environment for customers. The management, while expecting market conditions to remain challenging, is optimistic about the Group's performance in the medium to long term.

Financial Review

Liquidity and financial resources

At 30 September 2007, the Group had total assets of HK$614.5 million (31 March 2007: HK$577.8 million) and total equity attributable to equity shareholders of HK$352.2 million (31 March 2007: HK$333.8 million). The Group's working capital at 30 September 2007 was HK$15.6 million (31 March 2007: HK$8.1 million), represented by total current assets of HK$256.3 million (31 March 2007: HK$226.5 million) against total current liabilities of HK$240.7 million (31 March 2007: HK$218.4 million). The current ratio, being the proportion of total current assets against total current liabilities, was 1.1 (31 March 2007: 1.0).

The Group continued to maintain a strong financial position. At 30 September 2007, the Group had net cash and cash equivalents amounted to HK$144.1 million (31 March 2007: HK$115.2 million).

The Group finances its business with internally generated cash flows and available banking facilities. At 30 September 2007, the Group had total bank loans of HK$4.9 million (31 March 2007: HK$6.4 million) which was denominated in Hong Kong dollars and repayable within 2 years. Unutilised banking facilities were HK$262.0 million (31 March 2007: HK$260.9 million). The gearing ratio of the Group was 0.5% (31 March 2007: 1.0%), which was calculated based on the non-current bank loans over shareholders' equity.

The Group's transaction and monetary base were denominated in HK dollars, US dollars and Renminbi. The impact of the fluctuation in exchange rate is immaterial to the Group's financial position.

Charges on Group's assets

At 30 September 2007, the net book value of properties pledged as security for certain banking facilities granted to the Group amounted to HK$59.3 million (31 March 2007: HK$58.5 million).

Commitments

The Group's capital commitments outstanding at 30 September 2007 of HK$16.1 million (31 March 2007: HK$10.0 million) were mainly associated to store renovations. The Group also had outstanding other commitments of HK$1.0 million (31 March 2007: HK$1.4 million) in respect of the contracting fee for the operation of a fast food restaurant.

Contingent liabilities

At 30 September 2007, 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 balance sheet date, the directors do not consider it probable that a claim will be made against the Company under the guarantee arrangements. The maximum liability of the Company at the balance sheet date under the guarantee is the amount of the bank guarantee and loan facilities drawn down by all the subsidiaries that are covered by the guarantee, being HK$30.1 million (31 March 2007: HK$33.2 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 2007, the total number of employees of the Group was approximately 4,600 in Hong Kong and the Mainland. Employees' remuneration is commensurate with their job nature, qualifications and experience. Salaries and wages are normally reviewed on an annual basis basing on performance appraisals and other relevant factors.

The Group continues to offer competitive remuneration packages, share options and bonus to eligible staff, basing 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.

INTERIM DIVIDEND

The Board declared an interim dividend of HK19.0 cents (2006: HK16.0 cents) per share for the six months ended 30 September 2007 to the shareholders whose names appear on the Register of Members of the Company at the close of business on Friday, 14 December 2007. This represents a distribution of approximately 46% of the Group's profit attributable to equity shareholders. The interim dividend will be paid on or before Friday, 21 December 2007.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Thursday, 13 December 2007 to Friday, 14 December 2007 both days inclusive, during which no transfer of shares will be effected. In order to qualify for the interim dividend, all transfer of shares, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Branch Share Registrars, Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong on or before 4:00 p.m. on Wednesday, 12 December 2007.

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

During the period, the Company repurchased its own ordinary shares on the Stock Exchange as follows:

Month/year	**Number of shares repurchased**	**Highest price paid per share**	**Lowest price paid per share**	**Aggregate price paid**
		HK$	*HK$*	*HK$'000*
August 2007	363,500	9.49	9.22	3,402
September 2007	233,000	9.92	9.70	2,285
				5,687

Pursuant to section 42A of the Bermuda Companies Act 1981, the above repurchased shares were cancelled and accordingly the issued share capital of the Company was diminished by the nominal values of these shares. The premium and transaction costs paid on the repurchase of the shares of HK$5,090,000 and HK$23,000 respectively was charged to share premium account and contributed surplus accounts.

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 Board is committed to maintaining high standards of corporate governance practices as set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Listing Rules. The Company has complied with the CG Code throughout the six months ended 30 September 2007, save and except that (i) the roles of the Chairman and Chief Executive of the Company are vested in the same person (Code Provision A.2.1); and (ii) the Chairman and/or the Managing Director of the Company are not subject to retirement by rotation (Code Provision A.4.2).

Currently, Mr. Dennis Lo Hoi Yeung holds both positions of Chairman and Chief Executive. In view of the extensive experience of Mr. Dennis Lo Hoi Yeung in the industry and the fact that day-to-day management of the Group is led by him, the Board believes that vesting the roles of both Chairman and Chief Executive in Mr. Lo provides the Group with strong and consistent leadership, efficient usage of resources and enables effective planning, formulation and implementation of long-term strategies and business plans. For the same reasons set out herein, the Board considers that it would be in the best interest of the Company to continue the exemption of both the Chairman and/or Managing Director from retirement by rotation provisions.

AUDIT COMMITTEE

The audit committee comprises three Independent Non-executive Directors 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 2007.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") as set out in Appendix 10 of the Listing Rules for securities transactions by Directors of the Company. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the period ended 30 September 2007.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on the website of the Company (www.fairwood.com.hk) and the Stock Exchange (www.hkex.com.hk). The interim report for the six months ended 30 September 2007 containing all information required by Appendix 16 of the Listing Rules will be dispatched to shareholders and available on the same websites in due course.

APPRECIATION

I would like to take this opportunity to thank my fellow directors for their invaluable advice and guidance, and to each and every one of our staff for their hard work and loyalty to the Group.

By Order of the Board
Dennis Lo Hoi Yeung
Chairman and Chief Executive

Hong Kong, 27 November 2007

As at the date of this announcement, the Executive Directors of the Company are Mr. Dennis Lo Hoi Yeung (Chairman and Chief Executive), Mr. Ng Chi Keung and Mr. Chan Chee Shing; the Independent Non-Executive Directors are Mr. Herald Lau Ling Fai, Mr. Peter Lee Sheung Yam, Mr. Joseph Chan Kai Nin and Mr. Peter Lau Kwok Kuen.

Website: www.fairwood.com.hk