FAIRWOOD HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 0052)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2008

FINANCIAL HIGHLIGHTS

- Turnover increased by 19.2% to HK$1,436.0 million
- Gross profit margin slightly dropped from 12.2% to 11.9%
- Profit attributable to equity shareholders increased by 19.3% to HK$101.0 million
- The Board of Directors recommends a final dividend of HK29.0 cents (2007: HK24.0 cents) per share. To mark the Group's 35th anniversary, the Board of Directors recommends a special dividend of HK12.0 cents (2007: nil) per share. Total dividend for the year amounts to HK60.0 cents (2007: HK40.0 cents) per share
- Basic earnings per share were HK79.02 cents (2007: HK66.85 cents)

ANNUAL RESULTS

The Board of Directors (the "Board") of Fairwood Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2008, together with the comparative figures for the year ended 31 March 2007, as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2008

	Note	**2008** **HK$'000**	2007 HK$'000
Turnover	*3*	**1,435,993**	1,204,863
Cost of sales		**(1,265,648)**	(1,057,825)
Gross profit		**170,345**	147,038
Other revenue	*4*	**15,703**	4,997
Other net income	*4*	**1,255**	5,245
Administrative expenses		**(70,218)**	(55,904)
Net impairment losses on fixed assets		**(1,968)**	(7,047)
Valuation gains on investment properties		**6,052**	1,489
Profit from operations		**121,169**	95,818
Finance costs	*5(a)*	**(1,361)**	(2,829)
Profit before taxation	*5*	**119,808**	92,989
Income tax	*6*	**(18,781)**	(8,320)
Profit attributable to equity shareholders of the Company		**101,027**	84,669
Dividends attributable to the year:	*7*		
Interim dividend declared and paid during the year		**24,246**	20,290
Final dividend proposed after the balance sheet date		**36,861**	30,780
Special dividend proposed after the balance sheet date		**15,253**	–
		76,360	51,070
Earnings per share	*8*		
Basic		**79.02 cents**	66.85 cents
Diluted (2007: restated)		**78.52 cents**	65.77 cents

CONSOLIDATED BALANCE SHEET

AT 31 MARCH 2008

	Note	2008 HK$'000	2007 HK$'000
Non-current assets			
Fixed assets			
– Investment properties		**45,374**	39,322
– Other property, plant and equipment		**261,578**	238,085
		306,952	277,407
Goodwill		**1,001**	1,001
Rental deposits paid		**29,261**	31,897
Other financial assets	*9*	**39,345**	40,439
Deferred tax assets		**25**	488
		376,584	351,232
Current assets			
Inventories		**28,414**	18,023
Trade and other receivables	*10*	**41,933**	34,248
Current tax recoverable		**294**	118
Other financial assets	*9*	**–**	58,960
Cash and cash equivalents		**178,052**	115,197
		248,693	226,546
Current liabilities			
Trade and other payables	*11*	**219,758**	199,907
Current portion of secured bank loans		**3,000**	3,000
Other loans	*12*	**–**	8,711
Current tax payable		**4,612**	4,797
Provisions	*13*	**4,691**	2,053
		232,061	218,468
Net current assets		**16,632**	8,078
Total assets less current liabilities		**393,216**	359,310
Non-current liabilities			
Secured bank loans		**350**	3,350
Deferred tax liabilities		**1,079**	30
Rental deposits received		**1,338**	2,961
Provisions	*13*	**20,496**	19,137
		23,263	25,478
Net assets		**369,953**	333,832
Capital and reserves			
Share capital		**127,106**	127,522
Reserves		**242,847**	206,310
Total equity attributable to equity shareholders of the Company		**369,953**	333,832

Notes

1 Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply 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").

2 Changes in accounting policies

The HKICPA has issued a number of new and revised HKFRSs and Interpretations that are first effective or available for early adoption for the current accounting period of the Group and the Company. The following sets out information on the significant changes in accounting policies for the current and prior accounting periods reflect in the financial statements.

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

(a) HKFRS 7, Financial instruments: Disclosures and HKAS 1, Presentation of financial statements: Capital disclosure

As a result of the adoption of HKFRS 7, the financial statements include expanded disclosure about the significance of the financial instruments and the nature and extent of risks arising from those instruments, compared with the information previously required to be disclosed by HKAS 32, *Financial instruments: Disclosure and presentation*.

The amendment to HKAS 1 introduces additional disclosure requirements to provide information about the level of capital and the Company's objectives, policies and processes for managing capital.

Both HKFRS 7 and the amendment to HKAS 1 do not have any material impact on the classification, recognition and measurement of the amounts recognised in the financial statements.

(b) HKAS 33, Earnings per share

In order to comply with the amendment to HKAS 33, the Group has changed its accounting policy relating to the calculation of diluted earnings per share. Under the new policy, the fair value of any goods or services to be supplied to the Group in the future under the share option arrangement shall be included in the exercise price of the share options when calculating the diluted earnings per share. This change in accounting policy has been applied retrospectively with comparatives restated as shown in note 8(b).

3 Segment reporting

Segment information is presented in respect of the Group's business and geographical 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 comprises the following main business segments:

Restaurant operation	:	The selling of food and beverages in restaurants.
Property leasing	:	The leasing of premises to generate rental income.

	Restaurant operation		Property leasing		Inter-segment elimination		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**1,422,308**	1,188,824	**13,685**	16,039	**–**	–	**1,435,993**	1,204,863
Inter-segment revenue	**–**	–	**6,242**	6,215	**(6,242)**	(6,215)	**–**	–
Total	**1,422,308**	1,188,824	**19,927**	22,254	**(6,242)**	(6,215)	**1,435,993**	1,204,863
Segment result	**89,746**	76,966	**18,035**	15,392			**107,781**	92,358
Unallocated operating income and expenses							**13,388**	3,460
Profit from operations							**121,169**	95,818
Finance costs							**(1,361)**	(2,829)
Income tax							**(18,781)**	(8,320)
Profit for the year							**101,027**	84,669
Depreciation for the year	**45,041**	42,711	**782**	782				
Impairment losses	**3,678**	7,047	**–**	–				
Reverse of impairment losses	**(1,710)**	–	**–**	–				
Segment assets	**536,302**	418,915	**61,622**	76,768	**(14,744)**	(20,088)	**583,180**	475,595
Unallocated assets							**42,097**	102,183
Total assets							**625,277**	577,778
Segment liabilities	**244,709**	220,882	**15,254**	21,190	**(14,744)**	(20,088)	**245,219**	221,984
Interest-bearing borrowings							**3,350**	6,350
Unallocated liabilities							**6,755**	15,612
Total liabilities							**255,324**	243,946
Capital expenditure incurred during the year	**71,927**	81,527	**–**	–				

Geographical segments

Hong Kong is a major market for all of the Group's businesses.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

	Hong Kong		The PRC (the "People's Republic of China") (other than Hong Kong)	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**1,326,781**	1,119,414	**109,212**	85,449
Segment assets	**522,057**	432,172	**94,630**	75,599
Capital expenditure incurred during the year	**56,230**	76,395	**15,697**	5,132

4 Other revenue and net income

	2008	2007
	HK$'000	*HK$'000*
Other revenue		
Interest income	**6,992**	4,997
Write back of loans from minority shareholders of non-wholly owned subsidiaries	**8,711**	–
	15,703	4,997
Other net income		
Net loss on disposal of fixed assets	**(2,524)**	(236)
Release of exchange reserve upon dissolution of a PRC subsidiary	**(1,351)**	–
Profit on sale of redemption gifts	**1,026**	1,909
Management fee from canteen operation	**658**	1,125
Electric and gas range incentives	**1,661**	961
Others	**1,785**	1,486
	1,255	5,245

5 Profit before taxation

Profit before taxation is arrived at after charging:

	2008 *HK$'000*	2007 *HK$'000*
(a) Finance costs:		
Change in fair value of financial assets at fair value through profit or loss	**1,094**	2,295
Interest on bank loans and overdrafts wholly repayable within five years	**267**	534
	1,361	2,829
(b) Other items:		
Cost of inventories (note)	**413,493**	323,042
Depreciation of fixed assets	**45,823**	43,493

Note: This represents food costs.

6 Income tax in the consolidated income statement

	2008 *HK$'000*	2007 *HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the year	**17,030**	4,395
Under-provision in respect of prior years	**139**	75
	17,169	4,470
Current tax – PRC		
Provision for the year	**155**	982
Over-provision in respect of prior years	**(55)**	–
	100	982
Deferred tax		
Origination and reversal of temporary differences	**1,486**	2,868
Effect of change in tax rate	**26**	–
	1,512	2,868
	18,781	8,320

The provision of Hong Kong Profits Tax for 2008 is calculated at 17.5% (2007: 17.5%) of the estimated assessable profits for the year. PRC taxation represents PRC foreign enterprises income tax for the year and is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions in the PRC.

On 27 February 2008, the Financial Secretary of the Government of Hong Kong Special Administrative Region announced the 2008-09 Budget which proposes the corporation profits tax rate will be lowered from 17.5% to 16.5% with effect from the year assessment 2008-09 and a one-off reduction of 75% of the final tax for the year of assessment 2007-08 subject to a ceiling of HK$25,000 for each company. A total refund of HK$50,000 has been credited to the consolidated income statement in 2008.

7 Dividends

	2008	2007
	HK$'000	*HK$'000*
Interim dividend declared and paid of HK19.0 cents (2007: HK16.0 cents) per share	**24,246**	20,290
Final dividend proposed after the balance sheet date of HK29.0 cents (2007: HK24.0 cents) per share	**36,861**	30,780
Special dividend proposed after the balance sheet date of HK12.0 cents (2007: nil) per share	**15,253**	–
	76,360	51,070

The final dividend and special dividend proposed after the balance sheet date have not been recognised as a liability at the balance sheet date.

8 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK$101,027,000 (2007: HK$84,669,000) and the weighted average of 127,844,000 ordinary shares (2007: 126,656,000 shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares:

	2008	2007
	Number of shares '000	*Number of shares '000*
Issued ordinary shares at 1 April	**127,522**	125,891
Effect of share options exercised	**874**	765
Effect of shares repurchased	**(552)**	–
Weighted average number of ordinary shares at 31 March	**127,844**	126,656

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK$101,027,000 (2007: HK$84,669,000) and the weighted average number of ordinary shares of 128,670,000 shares (2007 (restated): 128,737,000 shares), calculated as follows:

Weighted average number of ordinary shares (diluted):

	2008 *Number of shares ’000*	2007 *Number of shares ’000* (restated)
Weighted average number of ordinary shares at 31 March	**127,844**	126,656
Effect of deemed issue of ordinary shares under the Company’s share option scheme for nil consideration	**826**	2,081
Weighted average number of ordinary shares at 31 March (diluted)	**128,670**	128,737

9 Other financial assets

Other financial assets represent principal protected structured deposits placed with financial institutions which are subject to call option at the discretion of the financial institutions 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.

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 as of the balance sheet date:

	2008 *HK$’000*	2007 *HK$’000*
1 to 30 days	**2,817**	5,425
31 to 90 days	**117**	327
91 to 180 days	**9**	15
	2,943	5,767

The Group’s sales to customers are mainly on a cash basis. The Group also grants credit term of 30 to 90 days to certain customers to which the Group provides catering services.

11 Trade and other payables

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

	2008	2007
	HK$'000	*HK$'000*
1 to 30 days	**63,897**	61,002
31 to 90 days	**3,380**	3,208
91 to 180 days	**406**	2,202
181 to 365 days	**79**	71
Over one year	**568**	490
	68,330	66,973

12 Other loans

The loans as at 31 March 2007 were due by three of the Group's non-wholly owned subsidiaries ("non-wholly owned subsidiaries") to their respective minority shareholders ("the loans"). The loans were made by the Group and the minority shareholders to finance the non-wholly owned subsidiaries' operations in proportion of their respective shareholdings. The loans were unsecured, interest-free and had no fixed repayment terms. The non-wholly owned subsidiaries had ceased their operations in 1999. In view of their inactive status, two of the non-wholly owned subsidiaries have been dissolved on 20 June 2008 with the remaining one to be dissolved in due course. Insofar as the liability for repayment of the loans is concerned, neither the Company nor any of its subsidiaries has given any guarantee in respect of the loans.

Having considered all the above factors, the loans have been written back to the consolidated income statement of the Group during the year ended 31 March 2008.

13 Provisions

	2008	2007
	HK$'000	*HK$'000*
Provision for long service payments	**11,530**	9,962
Provision for reinstatement costs	**13,657**	11,228
	25,187	21,190
Less: amount included under "current liabilities"	**(4,691)**	(2,053)
	20,496	19,137

MANAGEMENT DISCUSSION & ANALYSIS

Overall performance

During the year under review, the Group recorded a turnover of HK$1,436.0 million, representing an increase of 19.2% over the previous year (2007: HK$1,204.9 million). Gross profit margin of the Group recorded a mild decrease to 11.9% (2007: 12.2%). Profit attributable to equity shareholders of the Group reached HK$101.0 million (including HK$8.7 million of write back of loans from minority shareholders of non-wholly owned subsidiaries), up from HK$84.7 million in the preceding year. Basic earnings per share were HK79.02 cents (2007: HK66.85 cents).

Business review

Strong recognition of the “Fairwood” brand and delivery of innovative and high quality services and products are the core attributes of the Group through which a stable growth was achieved during the year despite a challenging operational environment. The Group continued its effort to enhance the value of the “Fairwood” brand in its second 3-year plan since the launch of the re-branding campaign in November 2003. Marketing strategies targeted at young and affluent customers were adopted. The latest advertising campaign delivered via various media featuring young celebrities was shot in India for promoting one of the innovative products of the Group – the Indian curry chicken. The marketing activities coupled with mouth-watering products helped the Group achieve a higher headcount and average spending.

During the year, the fast food industry in Hong Kong remained highly competitive. Amongst the various challenges, the substantial rise in food costs especially in the second half of the year was a major factor which caused the reduction in the overall gross profit margin despite the effort of the Group to enhance revenue and improve operation efficiency. Alongside with special sales promotion campaigns explored to maintain growth in the sales, the Group also implemented several initiatives to combat the rise in food costs throughout the year which included reasonable selling price increase as well as adjustments of menu and sourcing mix. Purchasing was increasingly made from countries with raw materials of high quality but less significant rises in price.

With regard to its operations in the Mainland China, the Group reported a sales growth of 28.8% when compared with the past year. Profit margin in the Mainland China market was depressed by the combined effect of inflation, rise in food costs and new labour contract law which was promulgated and took effect during the year. In particular, the Group had incurred additional administrative expenses to enhance its support functions in the Mainland China.

The Group achieved a stable growth during the year in terms of the expansion of its network of outlets in a rental market with continual increase of rental. During the year, the Group revised its network to cover a number of prime locations in Hong Kong by opening new outlets in high-traffic shopping malls. The effort to continually revise its network of outlets had brought higher sales per store, thereby mitigating the impact of rising operating costs. The opening of an outlet at the Hong Kong International Airport is a representative highlight of network expansion, through which the Group is able to bring its brand name and products to customers of various nationalities.

In the year ended 31 March 2008, the Group opened a total of 13 new fast food outlets including 9 in Hong Kong and 4 in the Mainland China. As at the year end, the total outlets operated by the Group numbered 106, comprising 86 fast food outlets, 3 Buddies Cafes and 5 specialty restaurants in Hong Kong and 12 fast food outlets in the Mainland China.

Prospect

The business climate in Hong Kong in the coming year will remain challenging. Factors inclusive of high oil price, global inflation, appreciation of Renminbi (RMB), shortage of food supply and high rental are expected to put continuous pressure on the profitability of the Group in the coming year.

In order to face the challenges ahead, the Group pays attention to its fundamentals including the improvement of infrastructure. The Group is now in the implementation stage of the second phase of the SAP Enterprise Resources Planning (ERP) system with the expectation of benefiting from the advantages brought by a more comprehensive information system. Further and to cope with the long-term business growth, the Group is also actively searching for a new site in Hong Kong to set up a new central food processing plant to replace the existing one in operation. It is expected that the new central food processing plant will bring an improved economy of scale to the production capacity of the Group and will eventually enhance product offerings and production efficiency in support of the long term growth of the Group.

In terms of product and service offerings, the Group is committed to be a trend setter and leader in the fast food industry in Hong Kong. Throughout its history, the Group has been innovative in both the development and presentation of its food products. Fairwood was the first fast food chain in Hong Kong to introduce instantly brewed coffee and it was soon adopted by the industry at large as a trend. Recently, the Group has also achieved another breakthrough to establish a healthy food image by way of launching the "No MSG (monosodium glutamate) added" series in response to the increasing health consciousness of the general public. In view of the positive response of the "No MSG added" series, the Group will continue with its effort in product development to enrich its product portfolio and is confident that the most discerning tastes of its customers would be met.

Apart from the Hong Kong market, the Group will continue its expansion plan at a cautious pace in the Mainland China which is part of the major goal of its second 3-year plan. In order to meet needs of the existing and the upcoming new outlets in Mainland China, arrangements have been made to support the Group's outlets by a central kitchen facility in Guangdong province. The facility of the central kitchen in Mainland China is provided by a joint operation partner of the Group while the production is under strict supervision and control of the Group. Apart from production, the Group will also focus on the promotion of the image of the "Fairwood" brand and building of market awareness in Mainland China. By means of adjusting the pricing and presentation of the products of the Group to suit local tastes and preferences, it is expected to further broaden the customer base in the Mainland China.

Financial Review

Liquidity and financial resources

At 31 March 2008, the Group had total assets of HK$625.3 million (2007: HK$577.8 million). The Group's working capital was HK$16.6 million (2007: HK$8.1 million), represented by total current assets of HK$248.7 million (2007: HK$226.5 million) against total current liabilities of HK$232.1 (2007: HK$218.4 million). The current ratio, being the proportion of total current assets against total current liabilities, was 1.1 (2007: 1.0). The total equity attributable to equity shareholders of the Company was HK$370.0 million (2007: HK$333.8 million).

The Group continued to maintain a strong financial position. At 31 March 2008, the Group had net cash and cash equivalents amounted to HK$178.1 million (2007: HK$115.2 million).

The Group finances its business with internally generated cash flows and available banking facilities. At 31 March 2008, the Group had total bank loans of HK$3.4 million (2007: HK$6.4 million) which was denominated in Hong Kong dollars and repayable within 5 years. The unutilised banking facilities were HK$274.3 million (2007: HK$260.9 million). The gearing ratio of the Group was 0.1% (2007: 1.0%), which was calculated based on the non-current bank loans over total equity attributable to equity shareholders of the Company.

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

Charges on Group's assets
At 31 March 2008, the net book value of properties pledged as security for liabilities amounted to HK$59.8 million (2007: HK$58.5 million).

Commitments
The Group's capital commitments outstanding at 31 March 2008 of HK$2.4 million (2007: HK$10.0 million) were mainly related to store renovations. The Group also had other outstanding commitments of HK$0.6 million (2007: HK$1.4 million) in respect of the contracting fee for operation of a fast food restaurant.

Contingent liabilities
At 31 March 2008, 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 arrangement. The maximum liability of the Company at the balance sheet date under the guarantee is the amount of the facilities drawn down by all the subsidiaries that are covered by the guarantee, being HK$31.9 million (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 31 March 2008, the total number of employees of the Group was approximately 4,520 (2007: 4,250) in Hong Kong and the Mainland China. Employees' remunerations are commensurate with their job nature, qualifications and experience. Salaries and wages are normally reviewed annually basing on performance appraisals and other relevant factors.

The Group continues to offer competitive remuneration packages, share options and bonuses 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.

DIVIDENDS

The Board recommends to pay a final dividend of HK29.0 cents (2007: HK24.0 cents) per share for the year ended 31 March 2008. To mark the Group's 35th anniversary, the Board recommends to pay a special dividend of HK12.0 cents (2007: nil) per share. Together with the interim dividend of HK19.0 cents (2007: HK16.0 cents) per share paid during the year, the total dividend for the year ended 31 March 2008 amounts to HK60.0 cents (2007: HK40.0 cents) per share, representing a total distribution of approximately 75% (excluding special dividend, approximately 60%) of the Group's profit for the year. The proposed final dividend together with the special dividend will be paid on or before 5 September 2008 to shareholders whose names appear on the Register of Members of the Company at the close of business on 28 August 2008.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Monday, 25 August 2008 to Thursday, 28 August 2008 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the final dividend together with special dividend and for attending the forthcoming annual general meeting, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars, Computershare Hong Kong Investor Services Limited, Rooms 1712-6, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:00 p.m. on Friday, 22 August 2008.

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

During the year, the Company repurchased 1,719,500 of its own shares on the Stock Exchange. All the shares repurchased were cancelled. Details of shares acquired by month, excluding transaction costs of HK$64,000, are 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
October 2007	306,000	9.76	9.62	2,971
March 2008	817,000	9.20	9.08	7,456
	1,719,500			16,114

Save 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 year.

CORPORATE GOVERNANCE

The Company has complied with the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the year ended 31 March 2008, except for the following deviations (i) the roles of chairman and chief executive officer ("CEO") are vested in the same person (Code Provision A.2.1); and (ii) the chairman or managing director is not subject to retirement by rotation under the Bye-Laws of the Company (Code Provision A.4.2). The Board believes that vesting the roles of both chairman and CEO in the same person provides the Group with strong and consistent leadership and would allow the Group to be more effective and efficient in developing long term business strategies and execution of business plans. The Board considers that the balance of power and authority is adequately ensured by the operation of the Board. Further information will be provided in the "Corporate Governance Report" of the 2007/2008 annual report.

AUDIT COMMITTEE

The audit committee comprises 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 audited financial information and annual results for the year ended 31 March 2008 and discussed internal control and risk management system of the Company with the management.

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 year ended 31 March 2008.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL 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 2007/2008 annual report of the Company 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.

APPRECIATION

I wish to take this opportunity to thank my fellow directors and staff members for their dedication, diligence and contributions over the past year. I would also like to express my gratitude to our business partners and shareholders for their support. Our fundamental focus to enhance the Group's performance with the goal of achieving long-term prosperity and generating best possible returns for our investors remains unchanged.

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

Hong Kong, 9 July 2008

As at the date hereof, 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. Joseph Chan Kai Nin, Mr. Peter Lee Sheung Yam and Dr. Peter Lau Kwok Kuen.

Website: www.fairwood.com.hk