FAIRWOOD HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 52)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2015

HIGHLIGHTS

- Turnover was HK$2,244.9 million (2014: HK$2,037.7 million), up 10.2%
- Gross profit margin was 14.9% (2014: 13.6%), increased by 1.3 percentage points
- Profit attributable to equity shareholders was HK$144.0 million (2014: HK$107.6 million), up 33.8%
- Return on average equity[1] was 25.4% (2014: 20.4%)
- Basic earnings per share were HK114.13 cents (2014: HK85.71 cents)
- Final dividend of HK52.0 cents per share was proposed, representing a payout ratio of 70.2%

Note 1: Return on average equity is defined as profit attributable to equity shareholders of the Company against the average total equity at the beginning and the end of the year.

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 2015, together with the comparative figures for the year ended 31 March 2014, as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 HK$'000	2014 HK$'000
Turnover	*3*	**2,244,885**	2,037,719
Cost of sales		**(1,910,638)**	(1,761,424)
Gross profit		**334,247**	276,295
Other revenue	*4*	**6,684**	4,792
Other net losses	*4*	**(3,659)**	(6,425)
Selling expenses		**(31,405)**	(27,885)
Administrative expenses		**(108,683)**	(92,208)
Impairment losses on fixed assets		**(16,406)**	(16,733)
Valuation loss on investment properties		**(607)**	(781)
Profit from operations		**180,171**	137,055
Finance costs	*5(a)*	**(70)**	(785)
Profit before taxation	*5*	**180,101**	136,270
Income tax	*6*	**(36,134)**	(28,659)
Profit for the year attributable to equity shareholders of the Company		**143,967**	107,611
Earnings per share	*8*		
Basic		**HK114.13 cents**	HK85.71 cents
Diluted		**HK113.35 cents**	HK84.81 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2015

	2015	2014
	HK$'000	*HK$'000*
Profit for the year attributable to equity shareholders of the Company	**143,967**	107,611
Other comprehensive income for the year:		
Item that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of Mainland China subsidiaries	**146**	1,271
Total comprehensive income for the year attributable to equity shareholders of the Company	**144,113**	108,882

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2015

	Note	**At 31 March 2015** ***HK$'000***	At 31 March 2014 *HK$'000*
Non-current assets			
Fixed assets			
– Investment properties		**40,780**	57,329
– Other property, plant and equipment		**335,403**	339,600
– Interests in leasehold land held for own use under operating leases		**6,828**	7,039
		383,011	403,968
Goodwill		**1,001**	1,001
Rental deposits paid		**51,470**	51,048
Other financial assets	*9*	**8,835**	8,826
Deferred tax assets		**427**	1,957
		444,744	466,800
Current assets			
Non-current assets held for sale		**19,283**	–
Inventories		**38,517**	30,820
Trade and other receivables	*10*	**60,373**	56,823
Other financial assets	*9*	**89**	7,394
Current tax recoverable		**72**	54
Bank deposits and cash		**419,022**	326,058
		537,356	421,149
Current liabilities			
Trade and other payables	*11*	**290,972**	265,307
Bank loans		**4,387**	9,852
Current tax payable		**12,824**	10,034
Provisions	*12*	**11,664**	8,575
		319,847	293,768
Net current assets		**217,509**	127,381
Total assets less current liabilities		**662,253**	594,181
Non-current liabilities			
Bank loans		**6,636**	11,065
Deferred tax liabilities		**16,924**	14,984
Rental deposits received		**1,765**	1,368
Provisions	*12*	**36,764**	31,502
		62,089	58,919
Net assets		**600,164**	535,262
Capital and reserves			
Share capital		**126,341**	125,465
Reserves		**473,823**	409,797
Total equity		**600,164**	535,262

Notes:

1 BASIS OF PREPARATION

The annual results set out in the announcement are extracted from the Group's financial statements for the year ended 31 March 2015.

This announcement has 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") and accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. This announcement 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 amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

– Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*

– Amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the new or amended HKFRSs are discussed below:

Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*

The amendments to HKAS 32 clarify the offsetting criteria in HKAS 32. The amendments do not have an impact on these financial statements as they are consistent with the policies already adopted by the Group.

Amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets*

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 whose recoverable amount is based on fair value less costs of disposal. The amendments do not have an impact on these financial statements as they are consistent with the policies already adopted by the Group.

In addition, the requirements of Part 9, "Accounts and Audit", of the Hong Kong Companies Ordinance (Cap. 622) came into operation at the start of the Company's current financial year. The adoption of the requirements has primarily impacted the presentation and disclosure of information in the consolidated financial statements. These changes mainly include the presentation of the Company's statement of financial position as a note disclosure instead of a primary statement, updating any references to the Companies Ordinance to refer to the current Companies Ordinance and replacing certain terminology no longer used in the Companies Ordinance with terminology used in HKFRS.

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:

	2015	2014
	HK$'000	*HK$'000*
Sale of food and beverages	**2,239,027**	2,032,794
Property rental	**5,858**	4,925
	2,244,885	2,037,719

Further details regarding the Group's principal activities are disclosed below:

(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 to 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 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 reportable 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 years ended 31 March 2015 and 2014 is set out below.

	Hong Kong restaurants		Mainland China restaurants		Other segments		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**2,068,587**	1,865,168	**170,440**	167,626	**5,858**	4,925	**2,244,885**	2,037,719
Inter-segment revenue	**–**	–	**–**	–	**5,000**	4,761	**5,000**	4,761
Reportable segment revenue	**2,068,587**	1,865,168	**170,440**	167,626	**10,858**	9,686	**2,249,885**	2,042,480
Reportable segment profit/(loss)	**196,653**	159,764	**(8,207)**	(14,218)	**8,234**	8,059	**196,680**	153,605
Interest income	**6,576**	4,351	**108**	441	**–**	–	**6,684**	4,792
Interest expense on bank loans	**504**	964	**–**	–	**–**	–	**504**	964
Depreciation and amortisation	**73,389**	66,208	**8,054**	8,936	**896**	1,008	**82,339**	76,152
Impairment losses on fixed assets	**2,339**	4,102	**14,067**	12,631	**–**	–	**16,406**	16,733

(ii) Reconciliations of reportable segment profit

	2015	2014
	HK$'000	*HK$'000*
Profit		
Reportable segment profit before taxation	**196,680**	153,605
Change in fair value of other financial assets at fair value through profit or loss	**260**	(171)
Change in fair value of other financial liabilities at fair value through profit or loss	**174**	350
Valuation loss on investment properties	**(607)**	(781)
Impairment losses on fixed assets	**(16,406)**	(16,733)
Consolidated profit before taxation	**180,101**	136,270

(iii) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's fixed assets and goodwill ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the assets in the case of fixed assets, and the location of the operation to which they are allocated in the case of goodwill.

	Revenue from external customers		**Specified Non-current assets**	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**2,069,990**	1,866,260	**319,774**	320,835
Mainland China	**174,895**	171,459	**64,238**	84,134
	2,244,885	2,037,719	**384,012**	404,969

4 OTHER REVENUE AND NET LOSSES

	2015	2014
	HK$'000	*HK$'000*
Other revenue		
Interest income	**6,684**	4,792
Other net losses		
Net loss on disposal of other fixed assets	**(5,218)**	(15,007)
Net foreign exchange gain	**83**	875
Electric and gas range incentives	**3,592**	4,028
Profit on sale of redemption gifts	**1,177**	909
Compensation (paid to)/received from landlords upon early termination of tenancy leases	**(4,704)**	757
Others	**1,411**	2,013
	(3,659)	(6,425)

5 PROFIT BEFORE TAXATION

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

	2015	2014
	HK$'000	*HK$'000*
(a) Finance costs:		
Change in fair value of other financial assets at fair value through profit or loss	**(260)**	171
Change in fair value of other financial liabilities at fair value through profit or loss	**(174)**	(350)
Interest expense on bank loans	**504**	964
	70	785
(b) Other items:		
Cost of inventories *(Note)*	**581,642**	541,053
Depreciation of fixed assets	**82,128**	75,940
Amortisation of interests in leasehold land held for own use under operating leases	**211**	212

Note: The cost of inventories represents food costs.

6 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

	2015	2014
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the year	**32,571**	27,462
Under/(over)-provision in respect of prior years	**91**	(26)
	32,662	27,436
Current tax – PRC		
Over-provision in respect of prior years	**–**	(8)
Deferred tax		
Origination and reversal of temporary differences	**3,472**	1,231
	36,134	28,659

The provision for Hong Kong Profits Tax for 2015 is calculated at 16.5% (2014: 16.5%) of the estimated assessable profits for the year.

No provision has been made for PRC corporate income tax for 2015 as the Group's Mainland China operations have cumulated tax losses brought forward from prior years to offset the estimated assessable profit. No provision has been made for the People's Republic of China (the "PRC") corporate income tax for 2014 as the Group's Mainland China operations sustained a loss for taxation purpose.

7 DIVIDENDS

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

	2015	2014
	HK$'000	*HK$'000*
Interim dividend declared and paid of HK28.0 cents (2014: HK23.0 cents) per share	**35,370**	28,880
Final dividend proposed after the end of the reporting period of HK52.0 cents (2014: HK39.0 cents) per share	**65,697**	48,931
	101,067	77,811

The final dividend proposed after the end of the reporting period 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 paid during the year

	2015	2014
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HK39.0 cents (2014: HK39.0 cents) per share	**49,295**	48,949
Special final dividend in respect of the previous financial year, approved and paid during the year, of nil cent (2014: HK10.0 cents) per share	**–**	12,551
	49,295	61,500

In respect of the final dividend for the year ended 31 March 2014, there is a difference of HK$364,000 (year ended 31 March 2013: HK$163,000) between the final dividend disclosed in the 2014 annual financial statements and the amount approved and paid during the year which 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 is based on the profit attributable to ordinary equity shareholders of the Company of HK$143,967,000 (2014: HK$107,611,000) and the weighted average number of ordinary shares of 126,147,000 shares (2014: 125,548,000 shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares:

	2015 Number of shares	2014 Number of shares
	'000	*'000*
Issued ordinary shares at 1 April	**125,465**	125,178
Effect of share options exercised	**732**	780
Effect of shares repurchased	**(50)**	(410)
Weighted average number of ordinary shares at 31 March	**126,147**	125,548

(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$143,967,000 (2014: HK$107,611,000) and the weighted average number of ordinary shares of 127,008,000 shares (2014: 126,888,000 shares), calculated as follows:

Weighted average number of ordinary shares (diluted):

	2015 Number of shares *'000*	2014 Number of shares *'000*
Weighted average number of ordinary shares used in calculating basic earnings per share	**126,147**	125,548
Effect of deemed issue of ordinary shares under the Company's share option scheme for nil consideration	**861**	1,340
Weighted average number of ordinary shares used in calculating diluted earnings per share	**127,008**	126,888

9 OTHER FINANCIAL ASSETS

	2015 *HK$'000*	2014 *HK$'000*
Non-current financial assets		
Held-to-maturity debt security		
– Unlisted but quoted	**8,835**	8,826
Current financial assets		
Forward foreign exchange contract	**89**	–
Principal protected structured note		
– Unlisted but quoted	**–**	7,394
	8,924	16,220

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 was determined with reference to the exchange rate of the United States dollars ("USD") against Renminbi ("RMB") at the fixing date on 6 February 2015. The structured note was redeemed by the financial institution during the year ended 31 March 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 as of the end of the reporting period:

	2015	2014
	HK$'000	*HK$'000*
1 to 30 days	**1,831**	1,892
31 to 90 days	**327**	312
91 to 180 days	**–**	20
	2,158	2,224

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

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

	2015	2014
	HK$'000	*HK$'000*
1 to 30 days	**86,944**	81,148
31 to 90 days	**454**	172
91 to 180 days	**61**	3,014
181 to 365 days	**104**	785
Over one year	**668**	681
	88,231	85,800

12 PROVISIONS

	2015	2014
	HK$'000	*HK$'000*
Provision for long service payments	**10,700**	10,940
Provision for reinstatement costs for rented premises	**37,728**	29,137
	48,428	40,077
Less: Amount included under "current liabilities"	**(11,664)**	(8,575)
	36,764	31,502

MANAGEMENT DISCUSSION AND ANALYSIS

Overall performance

During the past financial year, the Group achieved encouraging results, with turnover up by 10.2% to HK$2,244.9 million (2014: HK$2,037.7 million). Gross profit margin rose to 14.9% (2014: 13.6%). Profit attributable to equity shareholders was HK$144.0 million (2014: HK$107.6 million), an increase of 33.8%. Earnings per share were HK114.13 cents compared with HK85.71 cents for the corresponding period of last year.

Business review

Hong Kong

The Group has sustained growth in our fast food restaurants, supported by an increase of same store sales growth of approximately 8%. Aggressive network expansion was also undertaken. During the year under review, our new stores, existing stores and specialty restaurants all performed well, with satisfactory organic growth and profitability.

Fairwood focuses on our customers' needs and ensure that they are satisfied with the products we offer. In the past year, we have refined our signature dishes and introduced innovative dishes like Sizzling K-Pot and Egg White Omelette to enrich the menu and to satisfy every palate. Both have enjoyed favourable responses from customers throughout the year.

In addition to satisfying our customers' taste buds, it is also our major concern on offering the best customer service. It is imperative that our customers feel comfortable and happy when dining in our stores; hence we take all customer feedback seriously and try our very best to meet and exceed their expectations. Moreover, store renovation and facilities enhancement have been superbly completed, adding to the appeal associated with the Fairwood name through a more inviting dining environment. Such achievements have reinforced our network expansion efforts and we expect the number of new stores to grow further in the coming year.

The above-mentioned positive developments were supported by the Group's proven business model, which includes global sourcing, a well-planned menu that caters to customers' tastes, flexible scheduling for staff, the SAP Enterprise Resources Planning system as well as our efficient central food processing plant. Consequently, we have been able to further improve food quality, labour and operating costs as well as operation efficiency thus leading to higher profitability.

In maintaining our growth, our central food processing plant has played a vital role in providing quality products to shops day in and day out and reduced the loading on local kitchen. Given the complexity and large volume of ingredients and supplies, we have engaged a professional logistic company to strengthen our supply chain and introduced an incentive-driven management system.

In the food and beverage industry, food safety is the top priority business risk factor. Hong Kong Productivity Council ("HKPC") had conducted a compliance audit in our central food processing plant as well as the stores in Hong Kong and Mainland China to raise food safety level. Currently, HKPC is reviewing our production process and supply chain to enhance our Food Safety Control System and Audit Scheme. Food safety is dear to our heart.

While bolstering our business in Hong Kong, we have focused even more on customer service communication skills training, which have improved staff retention rate. The management has also emphasized on happy working environment and happy working team as solid foundation for happy dining experiences for our customers.

Mainland China

The Group has recorded improvements in turnover with positive same store sales growth of approximately 12% achieved during the review year, though Mainland China recorded an operating loss, the closure of underperforming stores in Northern China and peripheral cities in Guangzhou being the key factor. On the other hand, the collaboration with our food processing strategic partner in Mainland China has been satisfactory, pathing the way to move forward.

Network

During the year under review, the Group opened 11 new fast food stores in Hong Kong. As of 31 March 2015, the Group has a total of 115 stores in operation in Hong Kong, including 109 fast food stores and 6 specialty restaurants. In Mainland China, the Group operates 14 stores.

Corporate Social Responsibility

Corporate social responsibility ("CSR") is ingrained in Fairwood's culture. We have continued to invest in the "Fairwood $4 Meal Campaign", raising public awareness of the difficulties that certain segments of society are currently facing. Another campaign that characterises the Group's commitment to serving the community is the "Fairwood Gives Warmth Campaign", offering complimentary glutinous rice with chicken and woollen socks to the elderly. We will continue to devote significant time and energy to develop more CSR campaigns and actively take part in various initiatives for the betterment of society.

Prospects

The next financial year will continue to be challenging for the food and beverage sector. While rising cost is always a looming concern, we remain cautiously optimistic about the outlook of the industry in Hong Kong and Mainland China, where both markets continue to present opportunities for those with foresight and that are well-prepared. In line with this, we will introduce a new concept restaurant that will offer a new range of cuisine to customers in the following financial year.

While exploring fresh opportunities, we are also well aware of the need to consolidate our position in existing markets through continuous efforts to improve the quality of our food and services by offering more personalised service such as customer-based food taste and rice portion.

The management has duly established its own set of solutions that it trusts will allow Fairwood to sustain satisfactory growth. Embracing the "Enjoy Great Food. Live a Great Life!" motto, Fairwood will continue to improve its heart-warming services to promote goodwill with its customers in the coming year.

Financial Review

Liquidity and financial resources

At 31 March 2015, total assets of the Group were HK$982.1 million (2014: HK$887.9 million). The Group's working capital was HK$217.5 million (2014: HK$127.4 million), represented by total current assets of HK$537.4 million (2014: HK$421.2 million) against total current liabilities of HK$319.9 million (2014: HK$293.8 million). Current ratio, being the proportion of total current assets against total current liabilities, was 1.7 (2014: 1.4). Total equity was HK$600.2 million (2014: HK$535.3 million).

The Group finances its business with internally generated cash flows and available banking facilities. At 31 March 2015, the Group had bank deposits and cash amounting to HK$419.0 million (2014: HK$326.1 million), representing an increase of 28.5% from 2014. Most bank deposits and cash were denominated in Hong Kong dollars, United States dollars and Renminbi.

At 31 March 2015, the Group had total bank loans of HK$11.0 million (2014: HK$20.9 million) denominated in Hong Kong dollars. All of the Group's bank borrowings were subject to the floating rate basis and the maturity of borrowings are up to 2019. The unutilised banking facilities were HK$258.7 million (2014: HK$276.3 million). The gearing ratio of the Group dropped to 1.8% (2014: 3.9%), which was calculated based on the total bank loans over total equity.

Profitability

Return on average equity was 25.4% (2014: 20.4%), being profit attributable to equity shareholders of the Company against the average total equity at the beginning and the end of the year.

Capital expenditure

During the year, the capital expenditure was approximately HK$104.0 million (2014: HK$78.3 million), which was mainly used for renovation works for new and existing shops and the increase was due to more stores opened compared to last year.

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 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 1.5 years and had the fixed swap rate of 2.74%.

Charges on Group's assets

At 31 March 2015, the net book value of properties pledged as security for banking facilities granted to certain subsidiaries of the Group amounted to HK$1.6 million (2014: HK$45.5 million) and no bank deposits and cash was used to pledge any loans or banking facilities.

Commitments

The Group's capital commitments outstanding at 31 March 2015 were HK$25.4 million (2014: HK$31.0 million). Included in capital commitment outstanding at 31 March 2014 was an amount of HK$7.9 million for the future development of the central food processing plant and no capital commitment was outstanding at 31 March 2015 for such purpose.

Contingent liabilities

At 31 March 2015, 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 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 guarantee is the amount of the facilities drawn down by all the subsidiaries that are covered by the guarantees, being HK$71.9 million (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 31 March 2015, the total number of employees of the Group was approximately 4,500 (2014: 4,600). Staff costs for the year were approximately HK$658.2 million (2014: HK$572.7 million). 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 employees. Also, the Group has committed to provide related training programme to improve the quality, competence and skills of all staff.

DIVIDEND

The Board recommends to pay a final dividend of HK52.0 cents (2014: HK39.0 cents) per share for the year ended 31 March 2015. Together with the interim dividend of HK28.0 cents (2014: HK23.0 cents) per share paid during the year, the total dividend for the year ended 31 March 2015 amounts to HK80.0 cents (2014: HK62.0 cents) per share, representing a total distribution of approximately 70.2% of the Group's profit for the year. The proposed final dividend will be paid on or before Tuesday, 6 October 2015 to shareholders whose names appear on the Register of Members of the Company at the close of business on Friday, 18 September 2015.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Monday, 7 September 2015 to Wednesday, 9 September 2015 (both days inclusive) during which period no transfer of shares will be registered. In order for the shareholders to be eligible to attend and vote at the forthcoming annual general meeting of the Company, 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 at Rooms 1712-6, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Friday, 4 September 2015 for registration.

The Register of Members will also be closed from Wednesday, 16 September 2015 to Friday, 18 September 2015 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the final dividend, 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 at Rooms 1712-6, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Tuesday, 15 September 2015 for registration.

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

During the year, the Company repurchased its own 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$*	*HK$*
September 2014	50,000	17.10	17.00	853,300
October 2014	52,000	17.10	16.70	880,600
	102,000			1,733,900

The above repurchased shares were cancelled and the issued share capital of the Company was reduced by the nominal value of these shares accordingly. The premium and transaction costs paid on the repurchase of the shares of HK$1,632,000 and HK$5,000 respectively were charged to the Group's share premium account.

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 year.

CORPORATE GOVERNANCE

The Company has complied with the applicable code provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules throughout the year ended 31 March 2015, save and except that the Chairman and the Managing Director (the Chief Executive Officer) of the Company are not subject to retirement by rotation under the Bye-laws of the Company. Further information will be provided in the "Corporate Governance Report" of the 2014/2015 Annual Report.

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 annual results for the year ended 31 March 2015 and discussed internal control and risk management system of the Company with the management.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2015 have been agreed by the Company's auditor to the amount set out in the Group's consolidated financial statements for the year.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("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 year ended 31 March 2015.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the website of the Company (www.fairwoodholdings.com.hk) and the Stock Exchange (www.hkex.com.hk). The 2014/2015 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

At this time, I would like to express my sincere gratitude to the management team and the entire Fairwood workforce for their commitment and diligence during the past year. I wish to also offer my appreciation to our customers who come from all walks of life for their loyal support. Further, all of our shareholders and business partners must be commended for their unwavering trust and confidence in the Group.

By Order of the Board
Dennis Lo Hoi Yeung
Executive Chairman

Hong Kong, 23 June 2015

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.