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## **FAIRWOOD HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 00052)



### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2009**

#### **FINANCIAL HIGHLIGHTS**

- Turnover increased by 2.2% to HK\$1,465.5 million
- Gross profit margin was 12.8% (2008: 13.8%)
- Profit for the year was HK\$80.0 million (2008: HK\$101.0 million)
- The Board of Directors recommends a final dividend of HK28.0 cents (2008: a final dividend of HK29.0 cents and a special dividend of HK12.0 cents) per share. Total dividend for the year amounts to HK38.0 cents (2008: HK60.0 cents) per share
- Basic earnings per share were HK63.56 cents (2008: HK79.02 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 2009, together with the comparative figures for the year ended 31 March 2008, as follows:

### CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2009

	<i>Note</i>	<b>2009</b> <i>HK\$'000</i>	2008 <i>HK\$'000</i>
<b>Turnover</b>	3	<b>1,465,503</b>	1,433,476
Cost of sales		<u>(1,277,361)</u>	<u>(1,235,936)</u>
<b>Gross profit</b>		<b>188,142</b>	197,540
Other revenue	4	<b>3,202</b>	15,703
Other net income	4	<b>7,478</b>	1,255
Selling expenses		<b>(26,351)</b>	(27,195)
Administrative expenses		<b>(72,147)</b>	(70,218)
Net impairment losses on fixed assets		<b>(4,142)</b>	(1,968)
Valuation (losses)/gains on investment properties		<u><b>(1,370)</b></u>	<u>6,052</u>
<b>Profit from operations</b>		<b>94,812</b>	121,169
Finance costs	5(a)	<u><b>(199)</b></u>	<u>(1,361)</u>
<b>Profit before taxation</b>	5	<b>94,613</b>	119,808
Income tax	6	<u><b>(14,591)</b></u>	<u>(18,781)</u>
<b>Profit attributable to equity shareholders of the Company</b>		<u><u><b>80,022</b></u></u>	<u><u>101,027</u></u>
<b>Dividends attributable to the year:</b>	7		
Interim dividend declared and paid during the year		<b>12,549</b>	24,246
Final dividend proposed after the balance sheet date		<b>35,164</b>	36,861
Special dividend proposed after the balance sheet date		<u><b>–</b></u>	<u>15,253</u>
		<u><u><b>47,713</b></u></u>	<u><u>76,360</u></u>
<b>Earnings per share</b>	8		
Basic		<u><u><b>63.56 cents</b></u></u>	<u><u>79.02 cents</u></u>
Diluted		<u><u><b>63.47 cents</b></u></u>	<u><u>78.52 cents</u></u>

# CONSOLIDATED BALANCE SHEET

AT 31 MARCH 2009

	Note	2009 HK\$'000	2008 HK\$'000
<b>Non-current assets</b>			
Fixed assets			
– Investment properties		41,135	45,374
– Other property, plant and equipment		<u>266,463</u>	<u>261,578</u>
		307,598	306,952
Prepayment for fixed assets		3,683	–
Goodwill		1,001	1,001
Rental deposits paid		38,742	29,261
Other financial assets	9	2,341	39,345
Deferred tax assets		<u>35</u>	<u>25</u>
		<u>353,400</u>	<u>376,584</u>
<b>Current assets</b>			
Inventories		29,232	28,414
Trade and other receivables	10	36,359	41,933
Current tax recoverable		2,239	294
Cash and cash equivalents		<u>181,098</u>	<u>178,052</u>
		<u>248,928</u>	<u>248,693</u>
<b>Current liabilities</b>			
Trade and other payables	11	190,375	219,758
Current portion of bank loans		350	3,000
Current tax payable		552	4,612
Provisions	12	<u>5,489</u>	<u>4,691</u>
		<u>196,766</u>	<u>232,061</u>
<b>Net current assets</b>		<u>52,162</u>	<u>16,632</u>
<b>Total assets less current liabilities</b>		<u>405,562</u>	<u>393,216</u>
<b>Non-current liabilities</b>			
Bank loans		5,670	350
Deferred tax liabilities		2,962	1,079
Rental deposits received		675	1,338
Provisions	12	<u>21,365</u>	<u>20,496</u>
		<u>30,672</u>	<u>23,263</u>
<b>Net assets</b>		<u>374,890</u>	<u>369,953</u>
<b>Capital and reserves</b>			
Share capital		125,587	127,106
Reserves		<u>249,303</u>	<u>242,847</u>
<b>Total equity attributable to equity shareholders of the Company</b>		<u>374,890</u>	<u>369,953</u>

*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 Interpretations and an amendment to HKFRSs that are first effective for the current accounting period of the Group and the Company. However, none of these developments is relevant to the Group’s operations.

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

### 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	
	2009	2008	2009	2008	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	1,456,683	1,419,791	8,820	13,685	-	-	1,465,503	1,433,476
Inter-segment revenue	-	-	6,236	6,242	(6,236)	(6,242)	-	-
Total	<u>1,456,683</u>	<u>1,419,791</u>	<u>15,056</u>	<u>19,927</u>	<u>(6,236)</u>	<u>(6,242)</u>	<u>1,465,503</u>	<u>1,433,476</u>
Segment result	85,763	93,995	5,767	13,786			91,530	107,781
Unallocated operating income and expenses							3,282	13,388
Profit from operations							94,812	121,169
Finance costs							(199)	(1,361)
Income tax							(14,591)	(18,781)
Profit for the year							<u>80,022</u>	<u>101,027</u>
Depreciation for the year	48,542	45,041	782	782				
Impairment losses	4,441	3,678	-	-				
Reversal of impairment losses	<u>(299)</u>	<u>(1,710)</u>	<u>-</u>	<u>-</u>				
Segment assets	548,359	536,302	57,695	61,622	(10,697)	(14,744)	595,357	583,180
Unallocated assets							6,971	42,097
Total assets							<u>602,328</u>	<u>625,277</u>
Segment liabilities	216,547	244,709	10,073	15,254	(10,697)	(14,744)	215,923	245,219
Interest-bearing borrowings							6,020	3,350
Unallocated liabilities							5,495	6,755
Total liabilities							<u>227,438</u>	<u>255,324</u>
Capital expenditure incurred during the year	<u>60,751</u>	<u>71,927</u>	<u>-</u>	<u>-</u>				

### ***Geographical segments***

Hong Kong is the major market for the restaurant operation business of the Group and the People's Republic of China ("PRC") is the major market for property leasing business of the Group.

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.

	<b>Hong Kong</b>		<b>PRC (other than Hong Kong)</b>	
	<b>2009</b>	2008	<b>2009</b>	2008
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Revenue from external customers	<b>1,331,873</b>	1,324,264	<b>133,630</b>	109,212
Segment assets	<b>522,239</b>	522,057	<b>105,615</b>	94,630
Capital expenditure incurred during the year	<b><u>50,906</u></b>	<u>56,230</u>	<b><u>9,845</u></b>	<u>15,697</u>

#### **4 Other revenue and net income**

	<b>2009</b>	2008
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b><i>Other revenue</i></b>		
Interest income	<b>3,202</b>	6,992
Write back of loans from minority shareholders of non-wholly owned subsidiaries	<u>–</u>	<u>8,711</u>
	<b><u>3,202</u></b>	<u>15,703</u>
<b><i>Other net income</i></b>		
Compensation received on early termination of lease	<b>7,000</b>	–
Net loss on disposal of fixed assets		
– from early termination of lease	<b>(2,661)</b>	–
– in the normal course of business	<b>(3,415)</b>	(2,524)
Compensation received on granting right of access to a third party for construction work to be performed in part of a restaurant	<b>2,135</b>	–
Electric and gas range incentives	<b>1,948</b>	1,661
Profit on sale of redemption gifts	<b>867</b>	1,026
Release of exchange reserve upon dissolution of a PRC subsidiary	–	(1,351)
Management fee from canteen operation	–	658
Others	<b><u>1,604</u></b>	<u>1,785</u>
	<b><u>7,478</u></b>	<u>1,255</u>

## 5 Profit before taxation

*Profit before taxation is arrived at after charging:*

	2009 HK\$'000	2008 HK\$'000
<b>(a) Finance costs:</b>		
Change in fair value of other financial assets at fair value through profit or loss	78	1,094
Interest on bank loans wholly repayable within five years	121	267
	<u>199</u>	<u>1,361</u>
<b>(b) Other items:</b>		
Cost of inventories ( <i>note</i> )	425,275	413,493
Depreciation of fixed assets	49,324	45,823
	<u>49,324</u>	<u>45,823</u>

*Note:* This represents food costs.

## 6 Income tax in the consolidated income statement

	2009 HK\$'000	2008 HK\$'000
<b>Current tax – Hong Kong Profits Tax</b>		
Provision for the year	13,423	17,030
(Over)/under-provision in respect of prior years	(513)	139
	<u>12,910</u>	<u>17,169</u>
<b>Current tax – PRC</b>		
Provision for the year	–	155
Over-provision in respect of prior years	(192)	(55)
	<u>(192)</u>	<u>100</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	1,873	1,486
Effect of change in tax rate	–	26
	<u>1,873</u>	<u>1,512</u>
	<u>14,591</u>	<u>18,781</u>

In February 2008, the Hong Kong Government announced a decrease in the Profits Tax rate from 17.5% to 16.5% applicable to the Group's operations in Hong Kong as from the year ended 31 March 2009. This decrease is taken into account in the preparation of the Group's and the Company's 2009 financial statements. Accordingly, the provision for Hong Kong Profits Tax for 2009 is calculated at 16.5% (2008: 17.5%) of the estimated assessable profits for the year.

## 7 Dividends

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Interim dividend declared and paid of HK10.0 cents (2008: HK19.0 cents) per share	12,549	24,246
Final dividend proposed after the balance sheet date of HK28.0 cents (2008: HK29.0 cents) per share	35,164	36,861
Special dividend proposed after the balance sheet date of nil cents (2008: HK12.0 cents) per share	—	15,253
	<u>47,713</u>	<u>76,360</u>

The special and final dividends 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\$80,022,000 (2008: HK\$101,027,000) and the weighted average of 125,908,000 ordinary shares (2008: 127,844,000 shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares:

	2009 <i>Number of shares '000</i>	2008 <i>Number of shares '000</i>
Issued ordinary shares at 1 April	127,106	127,522
Effect of share options exercised	94	874
Effect of shares repurchased	<u>(1,292)</u>	<u>(552)</u>
Weighted average number of ordinary shares at 31 March	<u>125,908</u>	<u>127,844</u>



(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\$80,022,000 (2008: HK\$101,027,000) and the weighted average number of ordinary shares of 126,088,000 shares (2008: 128,670,000 shares), calculated as follows:

Weighted average number of ordinary shares (diluted):

	<b>2009</b> <i>Number of shares '000</i>	2008 <i>Number of shares '000</i>
Weighted average number of ordinary shares at 31 March	<b>125,908</b>	127,844
Effect of deemed issue of ordinary shares under the Company's share option scheme for nil consideration	<u><b>180</b></u>	<u>826</u>
Weighted average number of ordinary shares at 31 March (diluted)	<u><b>126,088</b></u>	<u>128,670</u>

**9 Other financial assets**

Other financial assets represent principal protected structured notes 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 basis and calculated at fixed or variable interest rates with reference to London Interbank Offered Rate ("LIBOR"). For other financial assets held at 31 March 2008, 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:

	<b>2009</b> <i>HK\$'000</i>	2008 <i>HK\$'000</i>
1 to 30 days	<b>1,083</b>	2,817
31 to 90 days	<b>31</b>	117
91 to 180 days	<u>-</u>	<u>9</u>
	<u><b>1,114</b></u>	<u>2,943</u>

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:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
1 to 30 days	57,627	63,897
31 to 90 days	1,741	3,380
91 to 180 days	1,089	406
181 to 365 days	499	79
Over one year	472	568
	<u>61,428</u>	<u>68,330</u>

## 12 Provisions

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Provision for long service payments	12,320	11,530
Provision for reinstatement costs for rented premises	14,534	13,657
	<u>26,854</u>	<u>25,187</u>
Less: Amount included under "current liabilities"	(5,489)	(4,691)
	<u>21,365</u>	<u>20,496</u>

## 13 Comparative figures

Advertising expenses and coupon expenses for the year ended 31 March 2008 have been re-classified from cost of sales to selling expenses and turnover (as deductions) respectively to conform with the current year's presentation. The revised presentation reflects better the nature of these transactions.

## **MANAGEMENT DISCUSSION & ANALYSIS**

### **Overall performance**

During the year under review, the Group recorded a turnover of HK\$1,465.5 million, representing a modest increase of 2.2% over the corresponding period of last year (2008: HK\$1,433.5 million). Gross profit margin was 12.8% (2008: 13.8%). Profit attributable to equity shareholders was HK\$80.0 million compared with HK\$101.0 million for the preceding year. Basic earnings per share were HK63.56 cents compared with HK79.02 cents for the same period of 2008.

### **Business review**

#### *Hong Kong*

High rental charges and surging food costs were the major challenges to the Group in the first half of the financial year. Business environment had become even more challenging in the second half of the financial year with the outbreak of the global financial crisis. In view of the difficult business environment, the Group's efforts over the year had been directed towards enhancing brand recognition and building up reputation for quality products and service offered to its customers. Among these initiatives was the introduction of new elements in the interior design of our shops which projected an image of the dynamic and fast-paced lifestyle of Hong Kong people at large.

The Group's latest marketing strategies, aimed at attracting restaurant goers who are becoming more price conscious under the weak market sentiments, had helped maintain customer traffic and encouraged spending, but at the same time had put added pressure on the gross profit margin.

During the year, decisive measures were taken to control expenses and enhance operational efficiency. To combat rising food costs, which only began to stabilize toward the end of the financial year, the Group has adjusted its menu and sourcing mix as part of its stringent cost control measures. Preparation works for setting up the Group's new central food processing plant at the Tai Po Industrial Estate were progressing according to plan. The new plant, when completed, is expected to further enhance the Group's operational efficiency and product offerings.

#### *Mainland China*

Turning to the Mainland operation, the Group achieved sales growth of 23.2% for the reporting year through an enriched menu that appealed to local tastes. Despite the encouraging increase in sales, the Group maintained a cautious strategy for expansion under the current economic conditions.

During the year under review, the Group opened 14 new fast food outlets, specifically, 12 in Hong Kong and 2 in Mainland China. As at 31 March 2009, the Group had a total of 98 outlets in operation in Hong Kong, consisting of 94 fast food outlets, 2 Buddies Cafes and 2 specialty restaurants. Our Mainland operation operated 13 fast food restaurants as at year end.

### **Prospects**

Though the global economic downturn is likely to persist for some time and consumer confidence will erode further, management believes that opportunities are still present in the fast food industry. The difficult economic conditions ahead will not blunt the Group's determination in fortifying its business foundation. We will step up our efforts to create more growth drivers in order to strengthen our retail

operations and to identify possible investments that promote long-term sustainable growth. At the same time, we will strive to implement further stringent cost control measures and streamline existing operations and structures to enhance operational efficiency and profit margin.

On the product front, we will develop more innovative dishes to cater for the tastes of our target customers. The Group will continue to introduce the new interior design theme to more restaurants to enhance dining experience. Moreover, we will explore innovative marketing strategies to attract public interest and stimulate consumption. The new central food processing plant opening in third quarter 2009, as scheduled, is expected to contribute to effective cost control particularly in a fluctuating market for raw materials and to improve operating efficiency in the long run.

With food costs stabilizing and the rental market becoming less competitive, we will be able to expand our restaurant operation to encompass more prime locations. The Group is proceeding with its plan to operate 100 fast food outlets in Hong Kong by 2010. In the Mainland, we are optimistic about the long-term prospect of this lucrative market and will continue with our expansion plan in a prudent manner to further strengthen the Group's presence in the country.

## **Financial Review**

### *Liquidity and financial resources*

At 31 March 2009, the Group had total assets of HK\$602.3 million (2008: HK\$625.3 million). The Group's working capital was HK\$52.2 million (2008: HK\$16.6 million), represented by total current assets of HK\$248.9 million (2008: HK\$248.7 million) against total current liabilities of HK\$196.7 million (2008: HK\$232.1 million). The current ratio, being the proportion of total current assets against total current liabilities, was 1.3 (2008: 1.1). Total equity attributable to equity shareholders of the Company was HK\$374.9 million (2008: HK\$370.0 million).

The Group continued to maintain a solid financial position. At 31 March 2009, the Group had net cash and cash equivalents amounting to HK\$181.1 million (2008: HK\$178.1 million).

The Group finances its business with internally generated cash flows and available banking facilities. At 31 March 2009, the Group had total bank loans of HK\$6.0 million (2008: HK\$3.4 million) which was denominated in Hong Kong dollars and Renminbi and repayable within 5 years. The unutilised banking facilities were HK\$220.4 million (2008: HK\$274.3 million). The gearing ratio of the Group was 1.6% (2008: 0.9%), which was calculated based on the total bank loans over total equity attributable to equity shareholders.

The Group's receipts and expenditures base were mainly denominated in HK 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 31 March 2009, the net book value of properties pledged as security for banking facilities granted to certain subsidiaries of the Group amounting to HK\$43.3 million (2008: HK\$59.8 million).

### *Commitments*

The Group's capital commitments outstanding at 31 March 2009 were HK\$128.8 million (2008: HK\$2.4 million). The increase is mainly due to an amount of HK\$116.6 million to be invested in setting up a new central food processing plant to replace the existing one in operation to cope with the Group's long term business growth. On 6 April 2009, the Group signed an agreement with Hong Kong Science and Technology Parks Corporation for granting a site, with land and building, at Tai Po Industrial Estate for setting up the new central food processing plant.

### *Contingent liabilities*

At 31 March 2009, 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\$36.1 million (2008: HK\$31.9 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 2009, the total number of employees of the Group was approximately 4,300 (2008: 4,520). Employees' remuneration is 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 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.

## **DIVIDENDS**

The Board recommends to pay a final dividend of HK28.0 cents (2008: a final dividend of HK29.0 cents and a special dividend of HK12.0 cents) per share for the year ended 31 March 2009. Together with the interim dividend of HK10.0 cents (2008: HK19.0 cents) per share paid during the year, the total dividend for the year ended 31 March 2009 amounts to HK38.0 cents (2008: HK60.0 cents) per share, representing a total distribution of approximately 60% of the Group's profit for the year. The proposed final dividend will be paid on or before Friday, 4 September 2009 to shareholders whose names appear on the Register of Members of the Company at the close of business on Thursday, 27 August 2009.

## CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Monday, 24 August 2009 to Thursday, 27 August 2009 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the final 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 at Rooms 1712-6, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Friday, 21 August 2009 for registration.

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

During the year, the Company repurchased 1,719,000 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\$69,000, are 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\$'000</i>
May 2008	1,181,500	8.78	8.70	10,307
September 2008	<u>537,500</u>	7.60	6.25	<u>3,912</u>
	<u><u>1,719,000</u></u>			<u><u>14,219</u></u>

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 2009, save and except that the Chairman and the Managing Director of the Company are not subject to retirement by rotation under the Bye-Laws of the Company (Code Provision A.4.2). Further information will be provided in the "Corporate Governance Report" of the 2008/2009 annual report.

To ensure compliance with Code Provision A.2.1 which stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual, Mr Dennis Lo Hoi Yeung had relinquished his role as Chief Executive Officer but remained as the Chairman of the Company whereas Mr Chan Chee Shing was appointed as Chief Executive Officer of the Company with effect from 1 January 2009. Following the re-designation and appointment, the roles of Chairman and Chief Executive Officer of the Company are now separate and performed by different individuals.

## **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 management and the Company's external auditors the audited financial information and annual results for the year ended 31 March 2009 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. Following specific enquiry by the Company, all Directors of the Company have confirmed their compliance with the required standards set out in the Model Code throughout the year ended 31 March 2009.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This results announcement is published on the website of the Company ([www.fairwood.com.hk](http://www.fairwood.com.hk)) and the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)). The 2008/2009 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 would like to take this opportunity to express my gratitude to my fellow directors and all staff for their dedication and hard work. Once again, I would like to thank Mr Peter Lee Sheung Yam, who had retired on 28 August 2008, for his long and dedicated contribution to the Company during his tenure of service as an independent non-executive director. At the same time, I welcome Mr Tony Tsoi Tong Hoo, who joined the Company on 11 November 2008 as an independent non-executive director. Last but not least, I am confident that the company will benefit from his invaluable financial expertise and experience. I would also like to offer my sincere appreciation to all customers, business partners and shareholders for their continuing support.

By Order of the Board  
**Dennis Lo Hoi Yeung**  
*Chairman*

Hong Kong, 9 July 2009

*As at the date of this announcement, the board of directors of the Company comprises (i) Mr Dennis Lo Hoi Yeung (Chairman), Mr Chan Chee Shing (Chief Executive Officer) and Mr Ng Chi Keung as Executive Directors; and (ii) Mr Herald Lau Ling Fai, Mr Joseph Chan Kai Nin, Dr Peter Lau Kwok Kuen and Mr Tony Tsoi Tong Hoo as Independent Non-executive Directors.*

*Website: [www.fairwood.com.hk](http://www.fairwood.com.hk)*