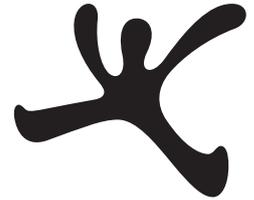


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FAIRWOOD HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 52)



INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

HIGHLIGHTS

- Profit from core operation, before the net gain on disposal of non-current assets held for sale, increased by 15.1%
- Reported profit for the period increased by 1.8% from HK\$102.0 million to HK\$103.8 million
- Revenue increased by 6.8% to HK\$1,256.6 million
- Annualised return on average equity¹ was 31.0%, raised by 1.4 percentage point
- Basic earnings per share were HK81.71 cents, up 1.3%
- The Board of Directors declared an interim dividend of HK34.0 cents per share

Note 1: Annualised return on average equity is defined as profit for the period attributable to equity shareholders of the Company before the net gain on disposal of non-current assets held for sale against the average total equity at the beginning and the end of the reporting period and then multiplied by two

INTERIM RESULTS

The Board of Directors (the “Board”) of Fairwood Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2016 together with the comparative figures for the six months ended 30 September 2015. The interim financial results are unaudited, but have been reviewed by the Company’s audit committee and the Company’s auditor, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016 – UNAUDITED

		Six months ended	
		30 September	
		2016	2015
	Note	HK\$'000	HK\$'000
Revenue	3	1,256,604	1,176,124
Cost of sales		<u>(1,060,784)</u>	<u>(983,234)</u>
Gross profit		195,820	192,890
Other revenue	4	3,888	4,149
Other net losses	4	(5,378)	(4,096)
Net gain on disposal of non-current assets held for sale	10	–	11,710
Selling expenses		(12,690)	(14,102)
Administrative expenses		(59,147)	(61,297)
Valuation gain/(loss) on investment properties		1,690	(1,420)
Impairment losses on property, plant and equipment		<u>–</u>	<u>(6,704)</u>
Profit from operations		124,183	121,130
Finance costs	5(a)	<u>(54)</u>	<u>(97)</u>
Profit before taxation	5	124,129	121,033
Income tax	6	<u>(20,298)</u>	<u>(19,080)</u>
Profit for the period attributable to equity shareholders of the Company		<u>103,831</u>	<u>101,953</u>
Earnings per share	8		
Basic		<u>HK81.71 cents</u>	<u>HK80.63 cents</u>
Diluted		<u>HK80.46 cents</u>	<u>HK80.13 cents</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016 – UNAUDITED

	Six months ended	
	30 September	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period attributable to equity shareholders of the Company	103,831	101,953
Other comprehensive income for the period (after tax):		
Item that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of subsidiaries in Mainland China	<u>(1,380)</u>	<u>(1,884)</u>
Total comprehensive income for the period attributable to equity shareholders of the Company	<u>102,451</u>	<u>100,069</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2016 – UNAUDITED

		At 30 September 2016 <i>HK\$'000</i>	At 31 March 2016 <i>HK\$'000</i>
Non-current assets			
Investment properties		40,360	38,670
Other property, plant and equipment		432,246	378,955
Interests in leasehold land held for own use under operating leases		6,510	6,616
		479,116	424,241
Goodwill		1,001	1,001
Rental deposits paid		54,251	51,670
Other financial assets	9	8,130	8,405
Deferred tax assets		267	306
		542,765	485,623
Current assets			
Inventories		43,223	36,911
Trade and other receivables	11	87,774	70,706
Other financial assets	9	1,167	–
Bank deposits and cash		617,717	548,607
		749,881	656,224
Current liabilities			
Trade and other payables	12	387,597	363,860
Dividends payable		127,391	–
Bank loans		1,720	3,053
Current tax payable		26,244	16,102
Provisions	13	13,678	13,320
		556,630	396,335
Net current assets		193,251	259,889
Total assets less current liabilities		736,016	745,512

		At 30 September 2016 <i>HK\$'000</i>	At 31 March 2016 <i>HK\$'000</i>
Non-current liabilities			
Bank loans		2,723	3,583
Deferred tax liabilities		21,376	19,394
Rental deposits received		1,560	2,007
Provisions	<i>13</i>	<u>46,249</u>	<u>44,190</u>
		<u><u>71,908</u></u>	<u><u>69,174</u></u>
NET ASSETS		<u><u>664,108</u></u>	<u><u>676,338</u></u>
Capital and reserves			
Share capital		127,391	126,745
Reserves		<u>536,717</u>	<u>549,593</u>
TOTAL EQUITY		<u><u>664,108</u></u>	<u><u>676,338</u></u>

Notes:

1 BASIS OF PREPARATION

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

The interim financial results have been prepared in accordance with the same accounting policies adopted in the 2016 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2017 annual financial statements. Details of any changes in accounting policies are set out in note 2.

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

The interim financial results contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2016 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”).

The financial information relating to the financial year ended 31 March 2016 that is included in the interim financial results as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 March 2016 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 29 June 2016.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued certain amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

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

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

	Six months ended 30 September	
	2016	2015
	HK\$'000	HK\$'000
Sale of food and beverages	1,253,172	1,172,390
Property rental	<u>3,432</u>	<u>3,734</u>
	<u>1,256,604</u>	<u>1,176,124</u>

(b) Segment reporting

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

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

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

(i) *Segment results*

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

For the six months ended 30 September	Hong Kong restaurants		Mainland China restaurants		Other segments		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	1,196,792	1,101,210	56,380	71,180	3,432	3,734	1,256,604	1,176,124
Inter-segment revenue	-	-	-	-	2,413	2,500	2,413	2,500
Reportable segment revenue	<u>1,196,792</u>	<u>1,101,210</u>	<u>56,380</u>	<u>71,180</u>	<u>5,845</u>	<u>6,234</u>	<u>1,259,017</u>	<u>1,178,624</u>
Reportable segment profit	<u>114,567</u>	<u>109,295</u>	<u>2,049</u>	<u>2,161</u>	<u>5,811</u>	<u>5,951</u>	<u>122,427</u>	<u>117,407</u>

(ii) *Reconciliations of reportable segment profit*

	Six months ended 30 September	
	2016 HK\$'000	2015 HK\$'000
<i>Profit</i>		
Reportable segment profit before taxation	122,427	117,407
Net gain on disposal of non-current assets held for sale	-	11,710
Change in fair value of other financial liabilities at fair value through profit or loss	12	40
Valuation gain/(loss) on investment properties	1,690	(1,420)
Impairment losses on property, plant and equipment	-	(6,704)
Consolidation profit before taxation	<u>124,129</u>	<u>121,033</u>

4 OTHER REVENUE AND NET LOSSES

	Six months ended 30 September	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Other revenue</i>		
Interest income	<u>3,888</u>	<u>4,149</u>
<i>Other net losses</i>		
Electric and gas range incentives	1,536	1,506
Profit on sale of redemption gifts	496	596
Net foreign exchange loss	(4,800)	(5,270)
Net loss on disposal of property, plant and equipment	(3,380)	(1,702)
Others	<u>770</u>	<u>774</u>
	<u>(5,378)</u>	<u>(4,096)</u>

5 PROFIT BEFORE TAXATION

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

	Six months ended 30 September	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>(a) Finance costs</i>		
Interest on bank borrowings	66	137
Change in fair value of other financial liabilities at fair value through profit or loss	<u>(12)</u>	<u>(40)</u>
	<u>54</u>	<u>97</u>
<i>(b) Other items</i>		
Cost of inventories (<i>Note</i>)	295,864	294,100
Depreciation	41,718	38,972
Amortisation of interests in leasehold land held for own use under operating leases	106	106
Equity-settled share-based payment expenses	<u>938</u>	<u>1,127</u>

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

6 INCOME TAX

	Six months ended 30 September	
	2016	2015
	HK\$'000	HK\$'000
<i>Current tax – Hong Kong Profits Tax</i>		
Provision for the period	18,277	20,017
<i>Deferred tax</i>		
Origination and reversal of temporary differences	<u>2,021</u>	<u>(937)</u>
	<u>20,298</u>	<u>19,080</u>

The provision for Hong Kong Profits Tax is calculated at 16.5% (2015: 16.5%) of the estimated assessable profits for the six months ended 30 September 2016.

No provision has been made for the People's Republic of China (the "PRC") corporate income tax for the six months ended 30 September 2016 and 2015 as the Group's Mainland China operations sustained a loss for taxation purpose for both periods.

7 DIVIDENDS

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

	Six months ended 30 September	
	2016	2015
	HK\$'000	HK\$'000
Interim dividend declared and payable after the interim period of HK34.0 cents (2015: HK31.0 cents) per share	43,313	39,312
Special interim dividend declared and payable after the interim period of Nil (2015: HK9.0 cents) per share	<u>–</u>	<u>11,413</u>
	<u>43,313</u>	<u>50,725</u>

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

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

	Six months ended	
	30 September	
	2016	2015
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year ended 31 March 2016, approved and payable during the following interim period, of HK55.0 cents (year ended 31 March 2015: HK52.0 cents) per share	70,065	66,044
Special final dividend in respect of the previous financial year ended 31 March 2016, approved and payable during the following interim period, of HK45.0 cents (year ended 31 March 2015: Nil) per share	<u>57,326</u>	<u>–</u>
	<u>127,391</u>	<u>66,044</u>

In respect of the dividend for the year ended 31 March 2016, there is a difference of HK\$355,000 (year ended 31 March 2015: HK\$347,000) between the final dividend and a difference of HK\$291,000 (year ended 31 March 2015: Nil) between the special final dividend disclosed in the 2016 annual financial statements and amounts approved and payable during the period. The difference represents dividends attributable to new shares issued upon the exercise of share options before the closing date of the Register of Members.

8 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 September 2016 is based on the profit attributable to ordinary equity shareholders of the Company of HK\$103,831,000 (2015: HK\$101,953,000) and the weighted average number of ordinary shares of 127,067,000 shares (2015: 126,453,000 shares) in issue during the period.

(b) Diluted earnings per share

The calculation of diluted earnings per share for the six months ended 30 September 2016 is based on the profit attributable to ordinary equity shareholders of the Company of HK\$103,831,000 (2015: HK\$101,953,000) and the weighted average number of ordinary shares of 129,052,000 shares (2015: 127,237,000 shares), calculated as follows:

	Six months ended	
	30 September	
	2016	2015
	<i>Number</i>	<i>Number</i>
	<i>of shares</i>	<i>of shares</i>
	'000	'000
Weighted average number of ordinary shares used in calculating basic earnings per share	127,067	126,453
Effect of deemed issue of ordinary shares under the Company's share option scheme for nil consideration	<u>1,985</u>	<u>784</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>129,052</u>	<u>127,237</u>

9 OTHER FINANCIAL ASSETS

	At	At
	30 September	31 March
	2016	2016
	HK\$'000	HK\$'000
Non-current financial assets		
Held-to-maturity debt security		
– Unlisted but quoted	8,130	8,405
Current financial assets		
Foreign currency medium-term note	<u>1,167</u>	<u>–</u>
	<u>9,297</u>	<u>8,405</u>

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

10 NON-CURRENT ASSETS HELD FOR SALE

During the year ended 31 March 2015, a sale and purchase agreement was entered into with a third party to dispose of certain leasehold land and buildings and investment properties with net proceeds of HK\$30,993,000. The transaction was completed on 30 April 2015 and a net gain on disposal of HK\$11,710,000 was recognised during the period ended 30 September 2015. Land and buildings revaluation reserve related to the disposed properties amounting to HK\$241,000 was transferred to retained profits thereupon.

11 TRADE AND OTHER RECEIVABLES

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

	At 30 September 2016 <i>HK\$'000</i>	At 31 March 2016 <i>HK\$'000</i>
1 to 30 days	3,363	2,452
31 to 90 days	<u>35</u>	<u>466</u>
	<u>3,398</u>	<u>2,918</u>

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

12 TRADE AND OTHER PAYABLES

	At 30 September 2016 <i>HK\$'000</i>	At 31 March 2016 <i>HK\$'000</i>
Creditors and accrued expenses	359,882	339,897
Receipts in advance and deferred income	27,138	23,906
Rental deposits received	577	45
Derivative financial instruments	<u>-</u>	<u>12</u>
	<u>387,597</u>	<u>363,860</u>

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

	At 30 September 2016 <i>HK\$'000</i>	At 31 March 2016 <i>HK\$'000</i>
1 to 30 days	96,128	99,335
31 to 90 days	6,462	2,717
91 to 180 days	114	2,740
181 to 365 days	89	71
Over one year	<u>703</u>	<u>668</u>
	<u>103,496</u>	<u>105,531</u>

13 PROVISIONS

	At 30 September 2016 <i>HK\$'000</i>	At 31 March 2016 <i>HK\$'000</i>
Provision for long service payments	18,041	17,200
Provision for reinstatement costs for rented premises	<u>41,886</u>	<u>40,310</u>
	59,927	57,510
Less: Amount included under “current liabilities”	<u>(13,678)</u>	<u>(13,320)</u>
	<u>46,249</u>	<u>44,190</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Overall performance

For the six months ended 30 September 2016, the Group achieved satisfactory revenue growth of 6.8% to HK\$1,256.6 million compared with HK\$1,176.1 million for the corresponding period of last year. Profit attributable to equity shareholders increased by 1.8% from HK\$102.0 million to HK\$103.8 million. Profit from core operation, before the net gain on disposal of non-current assets held for sale, recorded an increase of 15.1% from HK\$90.2 million to HK\$103.8 million. Basic earnings per share were HK81.71 cents versus HK80.63 cents for the last corresponding period.

Business Review

Hong Kong

During the review period, our Hong Kong restaurant business has recorded an increase of 8.7% in revenue. We have aggressively expanded our footprint by opening seven new stores to broaden our reach to customers. Committed to driving organic growth, we have also taken steps beyond offering quality food, focusing on elevating every aspect of the customer experience, while maintaining the happy culture of our staff. All of these steps have contributed to the dynamism of Fairwood brand.

Fairwood enjoys an energetic, vibrant and modern image, which can directly be attributed to the spirit of “continuous improvement” that our management team fosters. We always strive to deliver the best food to our customers, which includes continuous enhancement of our signature products as well as new and innovative seasonal dishes. We are glad that these dishes have been very well-received by the public.

At Fairwood, we put our customers at the heart of what we do by constantly exceeding their needs. Motivated by our desire to better serve our customers, we have introduced table service to all stores during dinner hours. The service has set a new standard for the fast food industry — delivering a total dining experience that is welcomed by our patrons. We take great pride in being the pioneer within the industry, and are gratified by seeing our customers’ happy faces.

Apart from providing the best experience to our customers, strong cost management is also essential to sustaining business development and enabling us to grow stronger. We have employed a variety of ways to manage costs and improve efficiency including global sourcing, effective menu planning to cater to customers’ needs, excellent production planning, flexible manpower scheduling and automation of our central food processing plant. These measures have also enabled us to minimise food waste and better manage labour, resulting in improvement of operating profit.

Mainland China

In regard to our operations in Mainland China, profitability was maintained despite challenging and competitive business environment. We have opened one new store in Guangzhou in the first half of the year, and will remain prudent in our expansion efforts in Mainland China, focusing on the residential districts of Guangzhou and Shenzhen.

Network

During the review period, we have opened a total of ten new stores, of which nine were in Hong Kong and one was in Mainland China. We will continue to evaluate new locations for further bolstering our network. As of 30 September 2016, the Group has a total of 128 stores in operation in Hong Kong, including 121 fast food stores and seven specialty restaurants. In Mainland China, the Group operates ten stores.

Our desire to reach out to different customers' needs have prompted us to expand into the specialty restaurant segment. In particular, our new casual Japanese-Western restaurant, known as ASAP, is enjoying a favourable reception from our customers. Riding on the initial business model, our second restaurant will be opened in the second half-year.

Caring for our community

Connecting to senior citizens of the community has always been part of the Fairwood culture. That being said, we have implemented a series of initiatives, including the "Fairwood \$4 Meal Campaign" and "Fairwood Gives Warmth Campaign", etc.

To help our senior citizens as well as the physically challenged, we have sought to create stores that address their needs. We offer priority seating that includes movable seats located close to the entrance of restaurants for convenient access. We have also installed stick hooks, handrails in toilets and non-glare signage on our menu board for clearer reading. Since 2014, as part of the "Care for Seniors" program, we have issued more than 50,000 discount cards to our senior citizens as our appreciation of their past contributions to society.

A happy culture

We believe that creating a happy working environment will not only benefit our staff, but also enable us to offer a happy dining experience to our customers. We are proud of our staff whom we empower to better serve our customers. To better understand our staff, we have established focus groups to collect opinions and feedback from them, and to measure our staff engagement. We also offer customer-centric training programmes, advancement opportunities and team-building exercises to our staff for raising morale. Besides encouraging better service, such efforts also contribute towards achieving higher staff retention across all levels of the Group, which is essential in facilitating future success and growth.

Prospects

With the ever-increasing prominence of the Fairwood brand, we are confident that we will further strengthen our position in Hong Kong — a market in which we are deeply rooted and highly optimistic about. Going forward, we will persistently reinforce Fairwood’s brand power, continue to make every effort to ensure the consistent and excellent quality of our products and services and improve our operational efficiency so as to deliver meaningful returns to our shareholders.

Most importantly, we will keep listening to our customers while closely monitoring market trends. We will continue to focus on fostering a happy corporate culture and sharing our positive outlook with the Hong Kong public, while striving to sustain long-term growth. It is our mission to realise our motto “Enjoy Great Food. Live a Great Life!” by showing care to our customers, connecting to our community and exceeding our customers’ expectations in delivering happy dining experiences.

Financial Review

Liquidity and financial resources

As at 30 September 2016, total assets of the Group amounted to HK\$1,292.6 million (31 March 2016: HK\$1,141.8 million). The Group’s working capital was HK\$193.3 million (31 March 2016: HK\$259.9 million), represented by total current assets of HK\$749.9 million (31 March 2016: HK\$656.2 million) against total current liabilities of HK\$556.6 million (31 March 2016: HK\$396.3 million). The current ratio, being the proportion of total current assets against total current liabilities, was 1.3 (31 March 2016: 1.7). Total equity was HK\$664.1 million (31 March 2016: HK\$676.3 million).

The Group finances its business with internally generated cash flows and available banking facilities. At 30 September 2016, the Group had bank deposits and cash amounting to HK\$617.7 million (31 March 2016: HK\$548.6 million), representing an increase of 12.6%. Most bank deposits and cash were denominated in Hong Kong dollars, United States dollars and Renminbi.

As at 30 September 2016, the Group had total bank loans of HK\$4.4 million (31 March 2016: HK\$6.6 million) denominated in Hong Kong dollars. The Group’s bank borrowings were on floating rate basis and the maturities of borrowings are up to 2019. The unutilised banking facilities were HK\$214.2 million (31 March 2016: HK\$215.6 million). The gearing ratio of the Group was 0.7% (31 March 2016: 1.0%), which was calculated based on the total bank loans over total equity.

Profitability

Annualised return on average equity was 31.0% (year ended 31 March 2016: 29.6%), being profit for the period attributable to equity shareholders of the Company before the net gain on disposal of non-current assets held for sale against the average total equity at the beginning and the end of the reporting period and then multiplied by two.

Financial risk management

The Group 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.

Charges on the Group's assets

As at the end of the reporting period, the net book value of properties pledged as security for banking facilities granted to certain subsidiaries of the Group amounted to HK\$1.5 million (31 March 2016: HK\$1.5 million).

Commitments

As at 30 September 2016, the Group's outstanding capital commitments was HK\$15.1 million (31 March 2016: HK\$22.3 million).

Contingent liabilities

As at 30 September 2016, guarantees are given to banks by the Company in respect of mortgage loans and other banking facilities extended to certain wholly-owned subsidiaries.

As at the end of the reporting period, the directors of the Company do not consider it probable that a claim will be made against the Company under the guarantee arrangement. The maximum liability of the Company at the end of the reporting period under the guarantees is the amount of the outstanding utilised facilities by all the subsidiaries that are covered by the guarantees, being HK\$82.7 million (31 March 2016: HK\$79.1 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

As at 30 September 2016, the total number of employees of the Group was approximately 5,200 (31 March 2016: 4,900). Employees' remuneration is commensurate with their job nature, qualifications and experience. Salaries and wages are normally reviewed annually based on performance appraisals and other relevant factors.

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

DIVIDEND

The Board declared an interim dividend of HK34.0 cents (2015: HK31.0 cents and a special interim dividend of HK9.0 cents) per share for the six months ended 30 September 2016 to shareholders whose names appear on the Register of Members of the Company at the close of business on Friday, 16 December 2016. The declared interim dividend represented a distribution of approximately 42% (2015: 50%) of the Group's profit for the period attributable to equity shareholders. The interim dividend will be paid on or before Friday, 30 December 2016.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 14 December 2016 to Friday, 16 December 2016 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars, Computershare Hong Kong Investor Services Limited at Rooms 1712-6, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Tuesday, 13 December 2016 for registration.

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

During the six months ended 30 September 2016, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company has complied with the applicable code provisions of the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2016, save and except that the Chairman and the Managing Director (Chief Executive Officer) of the Company are not subject to retirement by rotation under the Bye-laws of the Company.

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

AUDIT COMMITTEE

The audit committee comprises one Non-executive Director and three Independent Non-executive Directors of the Company and reports to the Board. The audit committee has reviewed with the management and the Company's external auditors the unaudited financial information and interim results for the six months ended 30 September 2016.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules for securities transactions by Directors of the Company. Following specific enquiry by the Company, all Directors of the Company confirmed their compliance with the required standards set out in the Model Code throughout the six months ended 30 September 2016.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on the websites of the Company (www.fairwoodholdings.com.hk) and the Stock Exchange (www.hkex.com.hk). The interim report of the Company for the six months ended 30 September 2016 containing all information required by the Listing Rules will be dispatched to shareholders of the Company and available on the same websites in due course.

By Order of the Board
Dennis Lo Hoi Yeung
Executive Chairman

Hong Kong, 29 November 2016

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.