



<For Immediate release>

FAIRWOOD ANNOUNCES 2005/06 INTERIM RESULTS

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**DOUBLE-DIGIT SALES GROWTH
DROVE NET OPERATING PROFITS UP 102%****FINANCIAL HIGHLIGHTS**

- **DOUBLE-DIGIT SAME-STORE SALES GROWTH – 2ND YEAR IN A ROW**
- **GROSS MARGINS IMPROVED SIGNIFICANTLY FROM 8.0% TO 10.8%**
- **PROFIT FROM BUSINESS OPERATIONS ROSE 102% TO HK\$24,148,000 (BEFORE A GAIN ON PROPERTY DISPOSAL OF HK\$16,947,000)**
- **THE BOARD DECLARED AN INTERIM DIVIDEND OF HK10.0 CENTS AND A SPECIAL DIVIDEND OF HK8.0 CENTS**
- **TOTAL 10 NEW FAST FOOD STORES ARE TO BE OPENED THIS FISCAL YEAR, BRING THE TOTAL NUMBER TO 70 TARGET TO HAVE 80 FAST FOOD OUTLETS BY FY2007**
- **TWO-THIRD OF OUTLETS WILL HAVE BEEN UPGRADED TO NEW BRAND IMAGE THIS YEAR AND ALL OUTLETS BY FY2007**

(Hong Kong, 29 November 2005) – Leading local fast food operator Fairwood Holdings Limited (“Fairwood” or “the Group”) (stock code: 052) today announced its interim results for the six months ended 30 September 2005.

The Group recorded a turnover of HK\$471,091,000 for the period under review, an increase of 13.9% from HK\$413,760,000 booked in the same period last year. Gross margin improved significantly to 10.8% from 8.0% of the corresponding period last year. Profit attributable to shareholders amounted to HK\$41,095,000 (2004:HK\$21,249,000(restated)), an increase of 93.4% year-on-year. Excluding a gain of approximately HK\$16,947,000 (2004 : HK\$9,299,000) from the disposal of a property during the reporting period, profit from business operation rose 102%. Earnings per share were HK 33.13 cents (2004: HK17.15 cents (restated)).

The Board of Directors has declared an interim dividend distribution of HK 10.0 cents (2004: HK 8.8 cents) per share and a special dividend of HK 8.0 cents (2004: Nil) for the six months ended 30 September 2005. This represents a total distribution of approximately 55% of the Group’s profit attributable to shareholders.

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In spite of the rising level of rental and food costs, the Group managed to improve its gross profit margin through enhanced operational efficiency and price adjustments. Operational efficiency was a result of better cost control and enhanced operational procedures facilitated by the upgraded Management Information System and new point-of-sale system. The Group successfully accomplished a price lift with the offer of products and services of upgraded quality. The Management's continuous efforts in enhancing product values not only allowed for price adjustments which had contributed to wider profit margins, but also helped to enhance the Group's revamped brand image.

With the economy appears to be on a reasonably stable footing, the Group believes there is still much room for expansion in the local market. For the second half of the fiscal year, the Group's target is to open 6 new outlets to capture the growing demand and to close 2 under-performing outlets, bringing the total number of its fast food outlet to 70. Marketing activities will be launched to promote new outlets and boost brand awareness. The Group is also on track to meet the goal of its 3-year brand revamp campaign and approximately two-third of the outlets will have been upgraded to the new brand image by the end of the fiscal year. Furthermore, to cope with market response and to enhance operational efficiency, it is expected to complete the installation of the "Octopus" payment system in the entire chain of outlet by December 2005.

Mr. Dennis Lo, Chairman of Fairwood, said, "Looking ahead, we will take full advantage of the market recognition of our new image and strive to increase market share through further expansion. However, the retail environment remains very challenging under the pressure of high rental, rising labour costs and the uncertainty associated with a possible avian flu outbreak. We are well aware of the continuing need to improve operational efficiency and believe that the Group will continue to deliver solid growth through improved product quality and service. We will strive for improvement against the ever-changing market and fine-tune our "Ah Wood" products, so as to carry out to realize our commitment to bring the best value to customers."

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About Fairwood Holdings Limited

Fairwood is one of the leading Hong Kong fast food operators in Hong Kong and in Mainland China. As at 31 March 2005, the Group ran a total of 86 outlets, including 66 fast food outlets, 2 institutional catering outlets, 5 Buddies Cafés and 4 specialty restaurants in Hong Kong; and 5 fast food outlets and 4 institutional catering outlets in the Mainland. To improve customer perception of the Fairwood brand and enhance competitiveness, the Group launched a corporate re-branding campaign in November 2003. It is confident that its new strong brand identity and improved fundamentals will continue to facilitate its business expansion in the future.

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