FAIRWOOD HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00052)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2010

HIGHLIGHTS

- Turnover increased by 6.6% to HK$1,562.3 million
- Gross profit margin was 13.9% (2009: 12.8%)
- Profit for the year increased by 16.6% to HK$93.3 million (2009: HK$80.0 million)
- The return on average equity was 23.7% (2009: 21.5%)
- Final dividend of HK28.0 cents per share was proposed. Total dividend for the year amounts to HK46.0 cents, increased by HK8.0 cents per share
- Basic earnings per share were HK74.21 cents (2009: HK63.56 cents)
- The new food processing plant in Tai Po successfully commenced to operate in September 2009

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 2010, together with the comparative figures for the year ended 31 March 2009, as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2010

	Note	**2010** *HK$'000*	2009 *HK$'000*
Turnover	*3*	**1,562,348**	1,465,503
Cost of sales		**(1,344,519)**	(1,277,361)
Gross profit		**217,829**	188,142
Other revenue	*4*	**708**	3,202
Other net income	*4*	**4,974**	7,478
Selling expenses		**(27,112)**	(26,351)
Administrative expenses		**(81,035)**	(72,147)
Net impairment losses on fixed assets		**(7,389)**	(4,142)
Valuation gains/(losses) on investment properties		**3,743**	(1,370)
Profit from operations		**111,718**	94,812
Finance costs	*5(a)*	**(1,332)**	(199)
Profit before taxation	*5*	**110,386**	94,613
Income tax	*6*	**(17,117)**	(14,591)
Profit for the year attributable to equity shareholders of the Company		**93,269**	80,022
Earnings per share	*8*		
Basic		**74.21 cents**	63.56 cents
Diluted		**74.07 cents**	63.47 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2010

	2010	2009
	HK$'000	*HK$'000*
Profit for the year attributable to equity shareholders of the Company	**93,269**	80,022
Other comprehensive income for the year (after tax):		
Exchange differences on translation of financial statements of the People's Republic of China (the "PRC") subsidiaries	**151**	836
Revaluation gain recognised upon transfer from property held for own use to investment property	**–**	241
	151	1,077
Total comprehensive income for the year attributable to equity shareholders of the Company	**93,420**	81,099

CONSOLIDATED BALANCE SHEET

AT 31 MARCH 2010

	Note	2010 HK$'000	2009 HK$'000
Non-current assets			
Fixed assets			
– Investment properties		**42,078**	41,135
– Other property, plant and equipment		**348,928**	266,463
– Interests in leasehold land held for own use under operating leases		**7,886**	–
		398,892	307,598
Prepayment for fixed assets		**–**	3,683
Goodwill		**1,001**	1,001
Rental deposits paid		**40,861**	38,742
Other financial asset	*9*	**2,341**	2,341
Deferred tax assets		**37**	35
		443,132	353,400
Current assets			
Non-current assets held for sale		**7,247**	–
Inventories		**22,168**	29,232
Trade and other receivables	*10*	**39,148**	36,359
Current tax recoverable		**8**	2,239
Bank deposits and cash		**210,042**	181,098
		278,613	248,928
Current liabilities			
Trade and other payables	*11*	**223,486**	190,375
Current portion of bank loans		**3,589**	350
Current tax payable		**3,219**	552
Provisions	*12*	**4,335**	5,489
		234,629	196,766
Net current assets		**43,984**	52,162
Total assets less current liabilities		**487,116**	405,562

	Note	2010 HK$'000	2009 HK$'000
Non-current liabilities			
Bank loans		**41,676**	5,670
Deferred tax liabilities		**8,139**	2,962
Rental deposits received		**1,126**	675
Provisions	*12*	**23,585**	21,365
		74,526	30,672
Net assets		**412,590**	374,890
Capital and reserves			
Share capital		**125,687**	125,587
Reserves		**286,903**	249,303
Total equity attributable to equity shareholders of the Company		**412,590**	374,890

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 2010.

The 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. This announcement also complies 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 one new HKFRS, a number of amendments to HKFRSs and new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

– HKFRS 8, *Operating segments*

– HKAS 1 (revised 2007), *Presentation of financial statements*

– Improvements to HKFRSs (2008)

– Amendments to HKAS 27, *Consolidated and separate financial statements – cost of an investment in a subsidiary, jointly controlled entity or associate*

– Amendments to HKFRS 7, *Financial instruments: Disclosures – improving disclosures about financial instruments*

– HKAS 23 (revised 2007), *Borrowing costs*

– Amendments to HKFRS 2, *Share-based payment – vesting conditions and cancellations*

– HK(IFRIC) 13, *Customer loyalty programmes*

The adoption of Improvements to HKFRSs (2008), Interpretation HK(IFRIC) 13, HKAS 23 (revised 2007) and Amendments to HKFRS 2 do not have a significant impact on the Group's results of operations and financial position. The impact of the remainder of these developments is as follows:

– HKFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Group's financial statements into segments based on related products and services and on geographical areas. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's most senior executive management (see note 3). Corresponding amounts have been provided on a basis consistent with the revised segment information.

– As a result of the adoption to HKAS 1 (revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expense in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

– As a result of the adoption of the amendments to HKFRS 7, the financial statements include expanded disclosures about the fair value measurement of the Group's financial instruments, categorising these fair value measurements into a three-level fair value hierarchy according to the extent to which they are based on observable market data. The Group has taken advantage of the transitional provisions set out in the amendments to HKFRS 7, under which comparative information for the newly required disclosures about the fair value measurements of financial instruments has not been provided.

– The amendments to HKAS 27 have removed the requirement that dividends out of pre-acquisition profits should be recognised as a reduction in the carrying amount of the investment in the investee, rather than as income. As a result, as from 1 April 2009 all dividends receivable from subsidiaries, whether out of pre- or post-acquisition profits, will be recognised in the Company's profit or loss and the carrying amount of the investment in the investee will not be reduced unless that carrying amount is assessed to be impaired as a result of the investee declaring the dividend. In such cases, in addition to recognising dividend income in profit or loss, the Company would recognise an impairment loss. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any dividends receivable in the current or future periods and previous periods have not been restated.

3 TURNOVER AND SEGMENT REPORTING

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:

	2010	2009
	HK$'000	*HK$'000*
Sale of food and beverages	**1,555,111**	1,456,683
Property rental	**7,237**	8,820
	1,562,348	1,465,503

The Group manages its businesses by two geographical divisions, namely Hong Kong restaurant and the PRC restaurant, which are organised by both products and geography. On first-time adoption of HKFRS 8, *Operating segments* and 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 restaurant: this segment operates fast food restaurants in Hong Kong.

– The PRC restaurant: this segment operates fast food restaurants in PRC.

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

(a) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's 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 the 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, such as corporate expenses (mainly costs of supporting functions that are provided by head office), 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 2010 and 2009 is set out below.

	Hong Kong restaurant		The PRC restaurant		Other segments		Total	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**1,407,414**	1,327,059	**147,697**	129,624	**12,942**	15,056	**1,568,053**	1,471,739
Inter-segment revenue	**–**	–	**–**	–	**(5,705)**	(6,236)	**(5,705)**	(6,236)
Reportable segment revenue	**1,407,414**	1,327,059	**147,697**	129,624	**7,237**	8,820	**1,562,348**	1,465,503
Reportable segment profit	**92,508**	77,595	**11,181**	7,121	**9,644**	9,123	**113,333**	93,839
Interest income	**633**	3,148	**75**	54	**–**	–	**708**	3,202
Interest expense on bank loans	**852**	66	**364**	55	**–**	–	**1,216**	121
Depreciation and amortisation	**48,122**	43,898	**5,324**	4,423	**998**	1,003	**54,444**	49,324

(b) Reconciliations of reportable segment profit

	2010	2009
	HK$'000	*HK$'000*
Profit		
Reportable segment profit before taxation	**113,333**	93,839
Compensation received on early termination of lease	**–**	7,000
Compensation received on granting right of access to a third party for construction work performed in part of a restaurant	**3,481**	2,135
Change in fair value of other financial asset/liabilities at fair value through profit or loss	**(116)**	(78)
Valuation gains/(losses) on investment properties	**3,743**	(1,370)
Net impairment losses on fixed assets	**(7,389)**	(4,142)
Unallocated corporate expenses	**(2,666)**	(2,771)
Consolidated profit before taxation	**110,386**	94,613

(c) 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 asset in the case of fixed assets, and the location of the operating to which they are allocated in the case of goodwill.

	Revenue from external customers		**Specified non-current assets**	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**1,410,924**	1,331,873	**312,894**	232,620
The PRC	**151,424**	133,630	**86,999**	75,979
	1,562,348	1,465,503	**399,893**	308,599

4 OTHER REVENUE AND NET INCOME

	2010	2009
	HK$'000	*HK$'000*
Other revenue		
Interest income	**708**	3,202
Other net income		
Compensation received on early termination of lease	**–**	7,000
Net loss on disposal of fixed assets		
– from early termination of lease	**–**	(2,661)
– in the normal course of business	**(2,690)**	(3,415)
Compensation received on granting right of access to a third party for construction work performed in part of a restaurant	**3,481**	2,135
Electric and gas range incentives	**2,186**	1,948
Profit on sale of redemption gifts	**519**	867
Others	**1,478**	1,604
	4,974	7,478

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	2010	2009
	HK$'000	*HK$'000*
a) ***Finance costs:***		
Change in fair value of other financial asset/liabilities at fair value through profit or loss	**116**	78
Interest on bank loans	**1,216**	121
	1,332	199
(b) ***Other items:***		
Cost of inventories *(note)*	**437,364**	425,275
Depreciation of fixed assets	**54,232**	49,324
Amortisation of interests in leasehold land held for own use under operating leases	**212**	–

Note: This represents food costs.

6 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

	2010	2009
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the year	**12,037**	13,423
Over-provision in respect of prior years	**(95)**	(513)
	11,942	12,910
Current tax – PRC		
Provision for the year	**–**	–
Over-provision in respect of prior years	**–**	(192)
	–	(192)
Deferred tax		
Origination and reversal of temporary differences	**5,175**	1,873
	17,117	14,591

The provision for Hong Kong Profits Tax for 2010 is calculated at 16.5% (2009: 16.5%) of the estimated assessable profits for the year. Taxation for overseas subsidiaries is charged similarly at the appropriate current rates of taxation ruling in the relevant countries.

7 DIVIDENDS

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

	2010	2009
	HK\$'000	*HK\$'000*
Interim dividend declared and paid of HK18.0 cents (2009: HK10.0 cents) per share	**22,624**	12,549
Final dividend proposed after the balance sheet date of HK28.0 cents (2009: HK28.0 cents) per share	**35,192**	35,164
	57,816	47,713

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

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

	2010	2009
	HK\$'000	*HK\$'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HK28.0 cents (2009: HK29.0 cents) per share	**35,192**	36,547
Special dividend in respect of the previous financial year, approved and paid during the year, of nil cents (2009: HK12.0 cents) per share	**–**	15,123
	35,192	51,670

In respect of the final dividends for the year ended 31 March 2009, there is a difference of HK$28,000 between final dividends disclosed in the 2009 annual financial statements and amount approved and paid during the year which 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 is based on the profit attributable to ordinary equity shareholders of the Company of HK$93,269,000 (2009: HK$80,022,000) and the weighted average of 125,679,000 ordinary shares (2009: 125,908,000 shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares:

	2010	2009
	Number of shares	*Number of shares*
	'000	*'000*
Issued ordinary shares at 1 April	**125,587**	127,106
Effect of share options exercised	**92**	94
Effect of shares repurchased	**–**	(1,292)
Weighted average number of ordinary shares at 31 March	**125,679**	125,908

(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$93,269,000 (2009: HK$80,022,000) and the weighted average number of ordinary shares of 125,913,000 shares (2009: 126,088,000 shares), calculated as follows:

Weighted average number of ordinary shares (diluted):

	2010	2009
	Number of shares	*Number of shares*
	'000	*'000*
Weighted average number of ordinary shares at 31 March	**125,679**	125,908
Effect of deemed issue of ordinary shares under the Company's share option scheme for nil consideration	**234**	180
Weighted average number of ordinary shares at 31 March (diluted)	**125,913**	126,088

9 OTHER FINANCIAL ASSET

Other financial asset represents a principal protected structured note placed with financial institution which is subject to call option at the discretion of the financial institution before the maturity dates. Interest is receivable on a quarterly basis and calculated at variable interest rates with reference to the London Interbank Offered Rate ("LIBOR").

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:

	2010	2009
	HK$'000	*HK$'000*
1 to 30 days	**4,055**	1,083
31 to 90 days	**554**	31
91 to 180 days	**93**	–
181 to 365 days	**3**	–
	4,705	1,114

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:

	2010	2009
	HK$'000	*HK$'000*
1 to 30 days	**70,850**	57,627
31 to 90 days	**1,577**	1,741
91 to 180 days	**89**	1,089
181 to 365 days	**86**	499
Over one year	**1,054**	472
	73,656	61,428

12 PROVISIONS

	2010	2009
	HK$'000	*HK$'000*
Provision for long service payments	**12,920**	12,320
Provision for reinstatement costs for rented premises	**15,000**	14,534
	27,920	26,854
Less: Amount included under "current liabilities"	**(4,335)**	(5,489)
	23,585	21,365

13 COMPARATIVE FIGURES

As a result of the application of HKAS 1 (revised 2007), *Presentation of financial statements*, and HKFRS 8, *Operating segments*, certain comparative figures have been adjusted to conform to current year's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall performance

During the latest reporting year, the Group recorded a modest increase in turnover of 6.6% to HK$1,562.3 million (2009: HK$1,465.5 million). Gross profit margin rose to 13.9% while profit attributable to equity shareholders was HK$93.3 million (2009: HK$80.0 million). Basic earnings per share were HK74.21 cents as compared to HK63.56 cents for the last financial year.

Business review

Hong Kong

Since the re-branding campaign of the Group in 2003 we have been able to maintain steady sales growth, and we achieved an increase of approximately 110% in turnover as compared to the year ended 31 March 2004.

Along with the introduction of innovative dishes, comprehensive service training was provided to staff to ensure a high level of customer satisfaction. Store ambiance was also significantly enhanced with the launch of the second generation of our "Orange Concept", a well-received design created by the renowned interior designer, Mr Steve Leung.

Though food costs had remained relatively stable during the first half of the current financial year, we saw a rebound in prices in the latter six months. Rental expenses also rose consistently throughout the past 12 months. These two items of expenses were the major challenges to the Group's performance for the review year.

As a means to offset various rising costs, the Group had sought to enhance backend production. The new central food processing plant at the Tai Po Industrial Estate, with operation commenced from September 2009, had helped enrich product offerings and raise efficiency. Equipped with modern equipment and technologies, the plant is currently supplying food to approximately 100 stores, and will eventually be able to supply a maximum of 180 stores. The added production capacity of the new plant had also enabled provision of hygienic and healthy lunch boxes to primary and secondary schools. The new business initiatives along with the greater economies of scale enjoyed by the Group demonstrated the efficiency of the new plant facility.

Our new food processing plant also plays a vital role in reinforcing our commitment to delivering quality food to customers. The ISO 22000 accreditation awarded to the Group in March 2010 highlighted our ability to unify the requirements of various food safety management systems applied internationally. The ISO requirements, which involve stringent standards, are specifically designed for companies in the food industry that are committed to surpassing regulatory standards on food safety.

In terms of bolstering the Group's overall efficiency, progress was made as we completed implementing phase two of the SAP Enterprise Resources Planning (ERP) System. This allows the management to capture important data and analytical tools to respond promptly to the market trends as well as to decide on effective business strategy and cost management.

Mainland China

As at 31 March 2010, the Group's operations in Mainland China achieved sales growth of 13.9% as compared with the previous year. The positive result is mainly attributable to the enhanced product portfolio that appeals to local tastes and the stores set up alongside metro stations where the public traffic is high. With consumer sentiment in Mainland China recovering rapidly, the Group has been allocating greater effort and resources toward developing this lucrative market.

During the year under review, the Group opened 13 new fast food stores including 8 in Hong Kong and 5 in Mainland China. As at 31 March 2010, the Group has a total of 101 stores in operation in Hong Kong, including 96 fast food stores, 3 Buddies Cafes and 2 specialty restaurants. As for the Mainland China operation, we have 16 fast food stores.

Corporate Social Responsibility

During the year under review, the Group continued to devote time and energy for the betterment of the society. In support of the Log Charitable Foundation Limited and Heifer International – Hong Kong fund raising campaigns, donation boxes were placed at most of the Group's Hong Kong stores to encourage contributions from the general public. In January 2010, the management and staff took part in the "Run-up Two ifc Charity Race 2010" organised by The Community Chest and funds were raised to support Services for the Mentally & Multiple Handicapped. Furthermore, the Group was also recognised as a "Caring Company" by The Hong Kong Council of Social Service during the year, thus underscoring our commitment to enhancing the wellbeing of our staff and the community as a whole.

Prospects

Moving forward, we will continue to prudently expand our business presence in Hong Kong. We maintain our target of operating 100 fast food stores by the end of 2010 and will explore setting up restaurants at locations with a potential of high customer flow and yet demand reasonable rental rates. To attract sophisticated customers and to enhance dining experience for customers, the interior design of both new and renovated stores will be revamped based on the second generation of the "Orange Concept". The management is confident that with an increased number of restaurants and improved store ambiance, brand awareness and image of the Group will be strengthened to maintain customer loyalty and lure new customers.

The key to attracting customers, however, lies fundamentally in the products that we deliver. This is why the Group has been dedicating much effort to introduce innovative yet "approachable" dishes that appeal to the larger segment of the population.

In developing new menus, our food processing plant in Tai Po can be relied on for more production to alleviate the pressure of food production at store level. Eventually, step up production at the plant will bolster store efficiency and greater cost savings will be realised.

Turning to the Mainland China market, the management will proactively expand operations to seize the opportunities emerging from the tremendous economic growth in China. The local economy, boosted by the RMB4 trillion stimulus plan implemented by the central government, is recovering at a rapid pace and translated into optimism among the public bringing greater consumption as well as increased spending power. The Mainland China market is expected to be another growth driver for the Group in the years to come.

Faced with surging food costs, threat of RMB appreciation and continuously high rental rates together with the imminent legislation for minimum wages, the management is reviewing its strategic choices and operating systems aiming at dealing with these issues.

Financial Review

Liquidity and financial resources

At 31 March 2010, the Group had total assets of HK$721.7 million (2009: HK$602.3 million). The Group's working capital was HK$44.0 million (2009: HK$52.2 million), represented by total current assets of HK$278.6 million (2009: HK$248.9 million) against total current liabilities of HK$234.6 million (2009: HK$196.7 million). The current ratio, being the proportion of total current assets against total current liabilities, was 1.2 (2009: 1.3). The return on average equity was 23.7% (2009: 21.5%), being profits attributable to equity shareholders of the Company against the average total equity. Total equity attributable to equity shareholders of the Company was HK$412.6 million (2009: HK$374.9 million).

The Group finances its business with internally generated cash flows and available banking facilities. At 31 March 2010, the Group had bank deposits and cash amounting to HK$210.0 million (2009: HK$181.1 million), representing an increase of 16.0% from 2009. Most bank deposits and cash were denominated in Hong Kong dollars, United States dollars and Renminbi.

At 31 March 2010, the Group had total bank loans of HK$45.3 million (2009: HK$6.0 million) which were denominated in Hong Kong dollars and Renminbi. All of the Group's bank borrowings were subject to the floating rate basis. The maturity of borrowings are up to 2019 with approximately 7.9% repayable within 1 year, 67.6% repayable over 1 year but less than 5 years and 24.5% repayable after 5 years. The unutilised banking facilities were HK$291.0 million (2009: HK$220.4 million). The gearing ratio of the Group was 11.0% (2009: 1.6%), which was calculated based on the total bank loans over total equity attributable to equity shareholders of the Company.

Capital expenditure

During the year, the capital expenditure was approximately HK$159.9 million (2009: HK$60.8 million). The increase was mainly due to the set up fee of our new central food processing plant situated at Tai Po Industrial Estate.

Financial risk management

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

For the purpose of offsetting the exposure of the interest rate fluctuation, the Group had entered certain forward interest rate swaps with financial institutions. The swaps were arranged to match the maturity of the repayment schedule of certain bank loans with the maturity over the next 6.5 years and had the fixed swap rates ranging from 2.63% to 2.74%.

Non-current assets held for sale

Certain leasehold land and buildings and investment properties are presented as non-current assets held for sale following the decision of the Group's management to dispose of these properties. Efforts to dispose of these assets commenced in March 2010 and a sales and purchases agreement was entered into with a third party on 22 April 2010. The sale and purchase was completed on 30 June 2010.

Charges on Group's assets

At 31 March 2010, the net book value of properties pledged as security for banking facilities granted to certain subsidiaries of the Group amounted to HK$68.8 million (2009: HK$43.3 million).

Further, the Group had pledged bank deposits of HK$2.6 million (2009: nil) to secure a bank loan of HK$1.4 million borrowed by an independent third party food processing contractor.

Commitments

The Group's capital commitments outstanding at 31 March 2010 were HK$32.8 million (2009: HK$128.8 million). Included in capital commitment outstanding at 31 March 2010 was an amount of HK$29.9 million (2009: HK$116.6 million) for the future development of the new central food processing plant to cope with the Group's long term business growth. In addition, the Group had outstanding other commitments of HK$10.4 million at 31 March 2010 (2009: HK$12.5 million) in respect of the contracting fee for operation of a fast food restaurant.

Contingent liabilities

At 31 March 2010, 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$79.6 million (2009: HK$36.1 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 2010, the total number of employees of the Group was approximately 4,400 (2009: 4,300). 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.

DIVIDEND

The Board recommends to pay a final dividend of HK28.0 cents (2009: HK28.0 cents) per share for the year ended 31 March 2010. Together with the interim dividend of HK18.0 cents (2009: HK10.0 cents) per share paid during the year, the total dividend for the year ended 31 March 2010 amounts to HK46.0 cents (2009: HK38.0 cents) per share, representing a total distribution of approximately 62% of the Group's profit for the year. The proposed final dividend will be paid on or before Wednesday, 15 September 2010 to shareholders whose names appear on the Register of Members of the Company at the close of business on Monday, 6 September 2010.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Thursday, 2 September 2010 to Monday, 6 September 2010 (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 Wednesday, 1 September 2010 for registration.

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

During the year, 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 Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the year ended 31 March 2010, 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 2009/2010 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 management and the Company's external auditors the annual results for the year ended 31 March 2010 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 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 have confirmed their compliance with the required standards set out in the Model Code throughout the year ended 31 March 2010.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the website of the Company (www.fairwood.com.hk) and the Stock Exchange (www.hkex.com.hk). The 2009/2010 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 offer my gratitude to all staff for their dedication and hard work during the year and express my sincere appreciation to all fellow directors. I would also like to thank all customers, business partners and shareholders for their continuing support.

By Order of the Board
Dennis Lo Hoi Yeung
Executive Chairman

Hong Kong, 8 July 2010

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

Website: www.fairwood.com.hk