FAIRWOOD HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 52)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

HIGHLIGHTS

- Profit for the period increased by 43.4% to HK$70.7 million (2009: HK$49.3 million). Excluding a gain on disposal of non-current assets held for sale of HK$15.6 million, profit for the period increased by 11.7% to HK$55.1 million
- Turnover increased by 4.4% to HK$811.1 million (2009: HK$777.2 million)
- Gross profit margin increased from last corresponding period's 14.3% to 15.0%
- Annualized return on average equity[1] was 25.6% (year ended 31 March 2010: 23.7%)
- Basic earnings per share were HK56.25 cents (2009: HK39.23 cents)
- The Board of Directors declared an interim dividend of HK20.0 cents (2009: HK18.0 cents) per share and a special dividend of HK8.0 cents (2009: nil) per share, growing by 55.6% from last corresponding period

Note 1: Annualized return on average equity is defined as profit for the period attributable to equity shareholders of the Company excluding a 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 multiplying 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 2010 together with the comparative figures for the period ended 30 September 2009. The results have been reviewed by the Company's auditors, KPMG, and the Company's audit committee.

CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010 – UNAUDITED

		Six months ended 30 September	
		2010	2009
	Note	***HK$'000***	*HK$'000*
Turnover	*3*	**811,121**	777,193
Cost of sales		**(689,520)**	(666,316)
Gross profit		**121,601**	110,877
Other revenue	*4*	**530**	509
Other net income	*4*	**16,149**	2,950
Selling expenses		**(15,269)**	(13,703)
Administrative expenses		**(40,276)**	(41,661)
Impairment losses on fixed assets		**(3,713)**	(3,842)
Valuation gains on investment properties		**3,111**	2,812
Profit from operations		**82,133**	57,942
Finance costs	*5(a)*	**(1,570)**	(552)
Profit before taxation	*5*	**80,563**	57,390
Income tax	*6*	**(9,853)**	(8,095)
Profit for the period attributable to equity shareholders of the Company		**70,710**	49,295
Earnings per share	*8*		
Basic		**56.25 cents**	39.23 cents
Diluted		**55.86 cents**	39.22 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010 – UNAUDITED

	Six months ended 30 September	
	2010	2009
	HK$'000	*HK$'000*
Profit for the period attributable to equity shareholders of the Company	**70,710**	49,295
Other comprehensive income for the period (after tax):		
Exchange differences on translation of financial statements of the People's Republic of China (the "PRC") subsidiaries	**858**	226
Total comprehensive income for the period attributable to equity shareholders of the Company	**71,568**	49,521

CONSOLIDATED BALANCE SHEET
AT 30 SEPTEMBER 2010 – UNAUDITED

	Note	At 30 September 2010 HK$'000	At 31 March 2010 HK$'000 (restated)
Non-current assets			
Fixed assets			
– Investment properties		**39,459**	42,078
– Other property, plant and equipment		**351,142**	348,928
– Interests in leasehold land held for own use under operating leases		**7,780**	7,886
		398,381	398,892
Goodwill		**1,001**	1,001
Rental deposits paid		**41,665**	40,861
Other financial asset	*9*	**2,341**	2,341
Deferred tax assets		**–**	37
		443,388	443,132
Current assets			
Non-current assets held for sale		**–**	7,247
Inventories		**28,744**	22,168
Trade and other receivables	*10*	**47,529**	39,148
Current tax recoverable		**8**	8
Bank deposits and cash		**253,226**	210,042
		329,507	278,613
Current liabilities			
Trade and other payables	*11*	**232,595**	223,486
Bank loans		**10,737**	9,275
Current tax payable		**10,802**	3,219
Provisions for long service payments and reinstatement costs		**6,174**	4,335
		260,308	240,315
Net current assets		**69,199**	38,298
Total assets less current liabilities		**512,587**	481,430

	Note	At 30 September 2010 HK$'000	At 31 March 2010 HK$'000 (restated)
Non-current liabilities			
Bank loans		**33,510**	35,990
Deferred tax liabilities		**7,132**	8,139
Rental deposits received		**485**	1,126
Provisions for long service payments and reinstatement costs		**22,130**	23,585
		63,257	68,840
Net assets		**449,330**	412,590
Capital and reserves			
Share capital		**125,710**	125,687
Reserves		**323,620**	286,903
Total equity attributable to equity shareholders of the Company		**449,330**	412,590

Notes

1 BASIS OF PREPARATION

The 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 Hong Kong Institute of Certified Public Accountants ("HKICPA").

The interim financial results have been prepared in accordance with the same accounting policies adopted in the 2010 annual financial statements except for the accounting policy changes that are expected to be reflected in the 2011 annual financial statements. Details of these 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 are unaudited, but have been reviewed by 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 HKICPA. In addition, the interim financial results have been reviewed by the Company's Audit Committee.

The financial information relating to the financial year ended 31 March 2010 that is included in the interim financial results as being previously reported information does not constitute the Company's statutory financial statements for the financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 March 2010 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 8 July 2010.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued two revised Hong Kong Financial Reporting Standards ("HKFRSs"), a number of amendments to HKFRSs and one new Interpretation 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 3 (revised 2008), *Business combinations*
- Amendments to HKAS 27, *Consolidated and separate financial statements*
- Improvements to HKFRSs (2009)

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

The developments resulted in changes in accounting policy but none of these changes in policy have a material impact on the current or comparative periods, for the following reasons:

– The impact of the majority of the revisions to HKFRS 3 and HKAS 27 have not yet had a material effect on the Group's financial statements as these changes will first be effective as and when the Group enters into a relevant transaction (for example, a business combination or a disposal of a subsidiary) and there is no requirement to restate the amount recorded in respect of such previous transactions.

– The amendments to HKFRS 3 (in respect of recognition of acquiree's deferred tax assets) has had no material impact as there is no requirement to restate amounts recorded in previous periods and no such deferred tax assets arose in the current period.

– As a result of the amendment to HKAS 17, *Leases*, arising from the "*Improvements to HKFRSs (2009)*" omnibus standard, the Group has re-evaluated the classification of its interests in leasehold land as to whether, in the Group's judgement, the lease transfers significantly all the risks and rewards of ownership of the land such that the Group is in a position economically similar to that of a purchaser. The Group has concluded that the classification of such leases as operating leases continues to be appropriate.

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:

	Six months ended 30 September	
	2010	2009
	HK$'000	*HK$'000*
Sale of food and beverages	**808,078**	773,332
Property rental	**3,043**	3,861
	811,121	777,193

The Group manages its businesses by two geographical divisions, namely Hong Kong restaurant and the PRC restaurant. 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 the PRC.

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

(a) Segment results

In accordance with HKFRS 8, segment information disclosed in the interim financial results have been prepared in a manner consistent with the information used by the Group's most senior executive management for the purposes of assessing segment performance and allocating resources between segments. In this regard, 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 reporting 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 period is set out below.

For the six months ended 30 September	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	**731,297**	696,951	**76,781**	76,381	**5,452**	7,125	**813,530**	780,457
Inter-segment revenue	**–**	–	**–**	–	**(2,409)**	(3,264)	**(2,409)**	(3,264)
Reportable segment revenue	**731,297**	696,951	**76,781**	76,381	**3,043**	3,861	**811,121**	777,193
Reportable segment profit	**54,470**	48,309	**9,828**	4,126	**3,477**	4,388	**67,775**	56,823

(b) Reconciliations of reportable segment profit

	Six months ended 30 September	
	2010	2009
	HK$'000	*HK$'000*
Profit		
Reportable segment profit before taxation	**67,775**	56,823
Gain on disposal of non-current assets held for sale	**15,633**	–
Compensation received on granting right of access to a third party for construction work performed in part of a restaurant	**–**	3,375
Change in fair value of other financial liabilities at fair value through profit or loss	**(894)**	–
Compensation payable to a landlord upon early termination of a tenancy lease	**(147)**	–
Valuation gains on investment properties	**3,111**	2,812
Impairment losses on fixed assets	**(3,713)**	(3,842)
Unallocated corporate expenses	**(1,202)**	(1,778)
Consolidated profit before taxation	**80,563**	57,390

4 OTHER REVENUE AND NET INCOME

	Six months ended 30 September	
	2010	2009
	HK$'000	*HK$'000*
Other revenue		
Interest income	**530**	509
Other net income		
Gain on disposal of non-current assets held for sale	**15,633**	–
Compensation payable to a landlord upon early termination of a tenancy lease	**(147)**	–
Compensation received on granting right of access to a third party for construction work performed in part of a restaurant	**–**	3,375
Net loss on disposal of fixed assets from normal activities	**(1,690)**	(2,409)
Profit on sale of redemption gifts	**724**	377
Electric and gas range incentives	**1,126**	1,024
Others	**503**	583
	16,149	2,950

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 September	
	2010	2009
	HK$'000	*HK$'000*
(a) Finance costs:		
Interest on bank borrowings	**676**	552
Change in fair value of other financial liabilities at fair value through profit or loss	**894**	–
	1,570	552
(b) Other items:		
Cost of inventories *(Note)*	**227,702**	216,147
Depreciation of fixed assets	**30,518**	25,505
Amortisation of interests in leasehold land held for own use under operating leases	**106**	106

Note: The cost of inventories represents food costs.

6 INCOME TAX

	Six months ended 30 September	
	2010	2009
	HK$'000	*HK$'000*
Current tax		
Provision for Hong Kong Profits Tax	**10,947**	6,088
PRC taxation	**(124)**	(114)
	10,823	5,974
Deferred tax		
Origination and reversal of temporary differences	**(970)**	2,121
	9,853	8,095

The provision for Hong Kong Profits Tax is calculated at 16.5% (2009: 16.5%) of the estimated assessable profits for the six months ended 30 September 2010. PRC taxation represents PRC foreign enterprise income tax for the period and is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions in the PRC.

7 DIVIDEND

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

	Six months ended 30 September	
	2010	2009
	HK$'000	*HK$'000*
Interim dividend declared and payable after the interim period of HK20.0 cents (2009: HK18.0 cents) per share	**25,142**	22,624
Special dividend declared and payable after the interim period of HK8.0 cents (2009: nil) per share	**10,057**	–
	35,199	22,624

The interim and special dividends have not been recognised as a liability at the balance sheet date.

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

	Six months ended 30 September **2010** *HK$'000*	2009 *HK$'000*
Final dividend in respect of the previous financial year ended 31 March 2010, approved and paid during the following interim period, of HK28.0 cents (year ended 31 March 2009: HK28.0 cents) per share	**35,203**	35,192

In respect of the final dividends for the year ended 31 March 2010, there is a difference of HK$11,000 between final dividends disclosed in the 2010 annual financial statements and amounts approved and paid during the period which represents dividends attributable to (i) shares repurchased before the closing date of the register of members and (ii) new shares issued upon the exercise of share options before the closing date of the register of members.

8 EARNINGS PER SHARE

(a) *Basic earnings per share*

The calculation of basic earnings per share for the period ended 30 September 2010 is based on the profit attributable to ordinary equity shareholders of the Company of HK$70,710,000 (2009: HK$49,295,000) and the weighted average of 125,697,000 ordinary shares (2009: 125,671,000 shares) in issue during the period.

(b) *Diluted earnings per share*

The calculation of diluted earnings per share for the period ended 30 September 2010 is based on the profit attributable to ordinary equity shareholders of the Company of HK$70,710,000 (2009: HK$49,295,000) and the weighted average number of ordinary shares of 126,588,000 shares (2009: 125,681,000 shares), calculated as follows:

	Six months ended 30 September **2010** **Number of shares** ***'000***	2009 Number of shares *'000*
Weighted average number of ordinary shares used in calculating basic earnings per share	**125,697**	125,671
Deemed issued of ordinary shares for nil consideration	**891**	10
Weighted average number of ordinary shares used in calculating diluted earnings per share	**126,588**	125,681

9 OTHER FINANCIAL ASSET

Other financial asset represents 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) with the following ageing analysis:

	At 30 September 2010 *HK$'000*	At 31 March 2010 *HK$'000*
1 to 30 days	**5,717**	4,055
31 to 90 days	**69**	554
91 to 180 days	**10**	93
181 to 365 days	**24**	3
Over one year	**4**	–
	5,824	4,705

The Group's sales to customers are mainly on a cash basis. The Group also grants credit terms 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 with the following ageing analysis:

	At 30 September 2010 *HK$'000*	At 31 March 2010 *HK$'000*
1 to 30 days	**74,198**	70,850
31 to 90 days	**3,078**	1,577
91 to 180 days	**180**	89
181 to 365 days	**249**	86
Over one year	**955**	1,054
	78,660	73,656

12 COMPARATIVE FIGURES

On 8 September 2010 the HKICPA issued draft Interpretation 5, *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause*. This draft interpretation is expected to be effective immediately upon finalisation and sets out the conclusion reached by the HKICPA that a term loan which contains a clause granted by the lender an unconditional right to demand repayment at any time should be reclassified as a current liability in accordance with paragraph 69(d) of HKAS 1, *Presentation of Financial Statements*, irrespective of the probability that the lender will invoke the clause without cause.

With due regard to the above conclusion and with effect from the current financial reporting period, the Group has classified those loans which give the lender the unconditional right to call the loan at any time as a current liability in the consolidated balance sheet. Previously such loans were classified in accordance with the agreed repayment schedule unless the Group had breached any of the covenants set out in the agreement as of the reporting date or otherwise had reason to believe that the lender would invoke its rights under the immediate repayment clause within the foreseeable future.

Comparative figures have been adjusted to conform to the current period's presentation.

MANAGEMENT DISCUSSION & ANALYSIS

Overall performance

For the six months ended 30 September 2010, the Group achieved a turnover of HK$811.1 million, an increase of 4.4% over the corresponding period of last year. Gross profit margin increased to 15.0%. Profit attributable to equity holders of the Group was HK$70.7 million compared with HK$49.3 million for the same period last year. Excluding a gain on disposal of non-current assets held for sale of HK$15.6 million, profit for the period amounted to HK$55.1 million. Basic earnings per share were HK56.25 cents (2009: HK39.23 cents).

Business review

During the review period, the Group adopted a series of effective marketing and pricing strategies that raised average spending and increased customer traffic, therefore, maximizing sales in individual segments. Coupled with greater efficiency derived from its central food processing plant, the Group was able to increase its gross profit margin to 15.0% despite of inflationary pressures led to a surge in food costs and prevailing high rent.

The Group also strengthened backend production support during the review period. Leveraging the central food processing plant, the Group now has better control of operating expenses and is able to more efficiently conduct work procedures and allocate resources, resulting in greater economies of scale. Outfitted with advanced automated equipment, the food processing plant enables the Group to enjoy greater efficiency while at the same time streamlining operations.

Aside from current restaurant operations, the Group identified an opportunity in the specialty restaurant segment and launched the "Kenting Tea House" on 1 July 2010. The restaurant offers unique interior décor that exudes a hospitable Taiwan-style ambience, and caters for those who fancy casual yet delicate Taiwanese cuisine. Located at Mega Box, a prime and high-traffic mall in Kowloon Bay, the outlet benefits from the patronage of affluent young customers, resulting in satisfactory performance since its opening.

Across the border, the Group was able to gear its menu towards local tastes. Combined with outlets opened alongside high-traffic metro stations and shopping malls, the Mainland China operation achieved satisfactory results during the review period. The Group will continue to closely monitor the local market and expand its network of outlets across the country when opportunities arise.

During the review period, the Group opened three new fast food outlets, including two in Hong Kong and one in Mainland China. As at 30 September 2010, the Group had a total of 100 outlets in operation in Hong Kong, including 95 fast food outlets, two Buddies Cafés and three specialty restaurants, and 16 fast food outlets in Mainland China.

Prospect

The Group remains optimistic about opportunities in Hong Kong even though the management is well aware that the business environment will continue to be challenging in the second half year – the result of surging food costs and rising rent owing to inflation.

While keeping in mind the two aforesaid factors, the Group is confident about reaching its target of operating 100 fast food outlets in Hong Kong by the end of this fiscal year. To consolidate its presence, the Group will enhance the image of existing stores with the second generation "Orange Concept", and seek to bolster quality by streamlining processes and leveraging support from the central food processing plant. As well, the management will continue to introduce international cuisine that appeals to affluent consumers. What is more, the premium brand image will be reinforced by aggressive marketing campaigns. To stimulate higher average spending, new products and segmentation will be the Group's primary foci.

The Group is also looking forward to seeing greater benefits brought about by the central food processing plant. With higher productivity through automation and lower expenditures via effective cost control measures, the Group will be able to raise its level of competitiveness and strengthen its fundamentals in support of long-term business growth.

The legislation on statutory minimum wage in Hong Kong announced recently is another mounting pressure on cost for the Group. To lessen the impact, the management will take a pragmatic approach; to raise productivity and enhance efficiency through automation, as well as to streamline processes at store level and at the central food processing plant. While adopting such measures, the Group will take into consideration the concerns of all our stakeholders including employees, customers and shareholders.

In respect of operations in Mainland China, the Group will continue to expand its network across the country when opportunities arise. Having achieved respectable results by opening outlets near metro stations and shopping malls where there is higher customer traffic, the Group will maintain this course. With greater health consciousness, rising household income, and increasing acceptance of the fast food culture, the management will leverage on its awareness of these local customer preferences and wants when it charts its path forward.

Having experienced and overcome numerous challenges in the past, the Group is conscious of the need to continuously strengthen its fundamentals as well as adopt new initiatives to stay ahead. Accordingly, the management will thoroughly review all facets of the Group's operation, making adjustments where necessary to maintain long-term sustainable growth.

Financial Review

Liquidity and financial resources

At 30 September 2010, the Group had total assets of HK$772.9 million (31 March 2010: HK$721.7 million). The Group's working capital was HK$69.2 million (31 March 2010: HK$38.3 million), represented by total current assets of HK$329.5 million (31 March 2010: HK$278.6 million) against total current liabilities of HK$260.3 million (31 March 2010: HK$240.3 million). The current ratio, being the proportion of total current assets against total current liabilities, was 1.3 (31 March 2010: 1.2). Annualized return on average equity was 25.6% (year ended 31 March 2010: 23.7%), being profits for the period attributable to equity shareholders of the Company excluding a 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 multiplying by two. Total equity attributable to equity shareholders of the Company was HK$449.3 million (31 March 2010: HK$412.6 million).

The Group finances its business with internally generated cash flows and available banking facilities. At 30 September 2010, the Group had bank deposits and cash amounting to HK$253.2 million (31 March 2010: HK$210.0 million), representing an increase of 20.6% from 31 March 2010. Most bank deposits and cash were denominated in Hong Kong dollars, United States dollars and Renminbi.

At 30 September 2010, the Group had total bank loans of HK$44.2 million (31 March 2010: HK$45.3 million) which was 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 17.7% repayable within 1 year, 62.0% repayable over 1 year but less than 5 years and 20.3% repayable after 5 years. The unutilised banking facilities were HK$247.6 million (31 March 2010: HK$291.0 million). The gearing ratio of the Group was 9.8% (31 March 2010: 11.0%), which was calculated based on the total bank loans over total equity attributable to equity shareholders of the Company.

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

Charges on Group's assets

At 30 September 2010, the net book value of properties pledged as security for banking facilities granted to certain subsidiaries of the Group amounting to HK$64.1 million (31 March 2010: HK$68.8 million).

Further, the Group had pledged bank deposits of HK$2.6 million (31 March 2010: HK$2.6 million) to secure a bank loan of HK$0.9 million (31 March 2010: HK$1.4 million) borrowed by an independent third party food processing contractor.

Commitments

The Group's capital commitments outstanding at 30 September 2010 was HK$45.2 million (31 March 2010: HK$32.8 million). Included in capital commitments outstanding at 30 September 2010 was an amount of HK$27.0 million (31 March 2010: HK$29.9 million) for the future development of the central food processing plant to cope with the Group's long term business growth. In addition, the Group had outstanding other commitments of HK$9.5 million at 30 September 2010 (31 March 2010: HK$10.4 million) in respect of the contracting fee for operation of a fast food restaurant.

Contingent liabilities

At 30 September 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 guarantees is the amount of the facilities drawn down by all the subsidiaries that are covered by the guarantees, being HK$83.1 million (31 March 2010: HK$79.6 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 30 September 2010, the total number of employees of the Group was approximately 4,400 (31 March 2010: 4,400). 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.

DIVIDENDS

The Board declared an interim dividend of HK20.0 cents (2009: HK18.0 cents) per share and a special dividend of HK8.0 cents (2009: nil) per share for the six months ended 30 September 2010 to shareholders whose names appear on the Register of Members of the Company at the close of business on Thursday, 16 December 2010. Coupled with special dividend, total declared dividends represent a distribution of approximately 50% of the Group's profit for the period attributable to equity shareholders. The interim and special dividends will be paid on or before Friday, 24 December 2010.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 15 December 2010 to Thursday, 16 December 2010, during which period no transfer of shares will be registered. In order to qualify for the interim dividend and the special dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong 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, 14 December 2010 for registration.

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

During the six months ended 30 September 2010, the Company repurchased its own ordinary shares on the Stock Exchange as follows:

Month/Year	Number of shares repurchased	Highest price paid per share *HK$*	Lowest price paid per share *HK$*	Aggregate price paid *HK$'000*
May 2010	260,000	7.96	7.20	2,011
August 2010	80,000	8.34	8.16	657
	340,000			2,668

The above repurchased shares were cancelled and accordingly the issued share capital of the Company was reduced by the nominal values of these shares. The premium and transaction costs paid on the repurchase of the shares of HK$2,328,000 and HK$12,000 respectively were charged to the Group's share premium account.

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 period.

CORPORATE GOVERNANCE

The Company has complied with the applicable code provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2010, save and except that the Chairman and the Managing Director of the Company are not subject to retirement by rotation.

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.

Under the Bye-laws of the Company, the Chairman and the Managing Director of the Company are not subject to retirement by rotation. The Board considers that the exemption of both the Chairman and the Managing Director (Chief Executive Officer) of the Company from such retirement by rotation provisions would provide the Group with strong and consistent leadership, efficiency usage of resources and enables 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 the retirement by rotation provision.

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 2010.

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 period ended 30 September 2010.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM 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 interim report for the six months ended 30 September 2010 containing all information required by Appendix 16 of 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 period 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, 25 November 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.