FAIRWOOD HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 52)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2012

HIGHLIGHTS

- Turnover was HK$1,829.5 million (2011: HK$1,665.9 million), up 9.8%
- Profit was HK$130.6 million (2011: HK$123.8 million), up 5.4%
- Proposed final dividend of HK38.0 cents per share and a special final divided of HK40.0 cents per share to commemorate the 40th anniversary, representing a total dividend per share for the year increased by 39% to HK100.0 cents (2011: HK72.0 cents)
- Gross profit margin was 13.4% (2011: 14.5%)
- Return on average equity[1] was 24.1% (2011: 24.6%)
- Basic earnings per share increased to HK104.45 cents (2011: HK98.55 cents)
- The year 2012 marked the 40th anniversary of Fairwood, our efforts had been recognised and obtained a number of awards related to brand, service and human resources management during the year

Note 1: Return on average equity is defined as profit for the year attributable to equity shareholders of the Company excluding the compensation received for surrender of a tenancy lease and the gain on disposal of non-current assets held for sale against the average total equity at the beginning and the end of the year

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 2012, together with the comparative figures for the year ended 31 March 2011, as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2012

	Note	**2012** *HK$'000*	2011 *HK$'000*
Turnover	*3*	**1,829,456**	1,665,881
Cost of sales		**(1,584,656)**	(1,424,680)
Gross profit		**244,800**	241,201
Other revenue	*4*	**2,783**	1,335
Other net income	*4*	**17,739**	14,207
Selling expenses		**(27,103)**	(30,112)
Administrative expenses		**(85,825)**	(78,569)
Net impairment losses on fixed assets		**(2,719)**	(6,832)
Valuation gains on investment properties		**1,835**	6,019
Profit from operations		**151,510**	147,249
Finance costs	*5(a)*	**(1,756)**	(2,100)
Profit before taxation	*5*	**149,754**	145,149
Income tax	*6*	**(19,187)**	(21,307)
Profit for the year attributable to equity shareholders of the Company		**130,567**	123,842
Earnings per share	*8*		
Basic		**104.45 cents**	98.55 cents
Diluted		**103.20 cents**	97.40 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2012

	2012	2011
	HK$'000	*HK$'000*
Profit for the year attributable to equity shareholders of the Company	**130,567**	123,842
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	**1,956**	1,901
Release of exchange reserve upon dissolution of PRC subsidiaries	**–**	2,615
	1,956	4,516
Total comprehensive income for the year attributable to equity shareholders of the Company	**132,523**	128,358

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2012

	Note	2012 HK$'000	2011 HK$'000
Non-current assets			
Fixed assets			
– Investment properties		**44,202**	42,367
– Other property, plant and equipment		**350,317**	349,997
– Interests in leasehold land held for own use under operating leases		**7,463**	7,675
		401,982	400,039
Goodwill		**1,001**	1,001
Rental deposits paid		**44,721**	42,245
Other financial asset	*9*	**2,329**	2,334
Deferred tax assets		**780**	663
		450,813	446,282
Current assets			
Inventories		**33,483**	33,087
Trade and other receivables	*10*	**57,153**	47,785
Current tax recoverable		**8**	47
Bank deposits and cash		**265,306**	253,710
		355,950	334,629
Current liabilities			
Trade and other payables	*11*	**226,104**	219,560
Bank loans		**5,024**	10,908
Current tax payable		**6,766**	14,325
Provisions	*12*	**6,514**	5,790
		244,408	250,583
Net current assets		**111,542**	84,046
Total assets less current liabilities		**562,355**	530,328
Non-current liabilities			
Bank loans		**25,994**	31,018
Deferred tax liabilities		**6,621**	8,507
Rental deposits received		**260**	479
Provisions	*12*	**25,768**	22,597
		58,643	62,601
Net assets		**503,712**	467,727
Capital and reserves			
Share capital		**124,500**	125,414
Reserves		**379,212**	342,313
Total equity		**503,712**	467,727

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 2012.

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 a number of amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

– HKAS 24 (revised 2009), *Related party disclosures*

– Improvements to HKFRSs (2010)

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

The impacts of these developments are discussed below:

– HKAS 24 (revised 2009) revises the definition of a related party. As a result, the Group has re-assessed the identification of related parties and concluded that the revised definition does not have any material impact on the Group's related party disclosures in the current and previous periods. HKAS 24 (revised 2009) also introduces modified disclosure requirements for government-related entities. This does not impact the Group because the Group is not a government-related entity.

– Improvements to HKFRS (2010) omnibus standard introduces a number of amendments to the disclosure requirements in HKFRS 7, *Financial instruments: Disclosures*. The disclosures about the Group's financial instruments have been conformed to the amended disclosure requirements. These amendments do not have any material impact on the classification, recognition and measurements of the amounts recognised in the financial statements in the current and previous periods.

3 TURNOVER AND SEGMENT REPORTING

(a) Turnover

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:

	2012	2011
	HK$'000	*HK$'000*
Sale of food and beverages	**1,825,630**	1,660,066
Property rental	**3,826**	5,815
	1,829,456	1,665,881

Further details regarding the Group's principal activities are disclosed below:

(b) Segment reporting

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. 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 expenses.

(i) 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 2012 and 2011 is set out below.

	Hong Kong restaurant		**The PRC restaurant**		**Other segments**		**Total**	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**1,631,895**	1,497,402	**193,735**	162,664	**3,826**	5,815	**1,829,456**	1,665,881
Inter-segment revenue	**–**	–	**–**	–	**5,379**	5,098	**5,379**	5,098
Reportable segment revenue	**1,631,895**	1,497,402	**193,735**	162,664	**9,205**	10,913	**1,834,835**	1,670,979
Reportable segment profit	**115,618**	109,323	**16,439**	18,815	**7,349**	7,436	**139,406**	135,574
Interest income	**2,372**	1,171	**411**	164	**–**	–	**2,783**	1,335
Interest expense on bank loans	**1,383**	1,096	**198**	380	**–**	–	**1,581**	1,476
Depreciation and amortisation	**57,710**	55,239	**6,726**	5,639	**1,238**	1,132	**65,674**	62,010
Impairment losses on fixed assets	**2,214**	2,648	**1,463**	4,184	**–**	–	**3,677**	6,832
Reversal of impairment losses on fixed assets	**–**	–	**(958)**	–	**–**	–	**(958)**	–

(ii) ***Reconciliations of reportable segment profit***

	2012	2011
	HK$'000	*HK$'000*
Profit		
Reportable segment profit before taxation	**139,406**	135,574
Compensation received for surrender of a tenancy lease	**13,460**	–
Gain on disposal of non-current assets held for sale	**–**	15,633
Compensation paid to a landlord upon early termination of a tenancy lease	**–**	(147)
Change in fair value of other financial liabilities at fair value through profit or loss	**(175)**	(624)
Valuation gains on investment properties	**1,835**	6,019
Net impairment losses on fixed assets	**(2,719)**	(6,832)
Net loss on dissolution of subsidiaries	**–**	(2,145)
Unallocated corporate expenses	**(2,053)**	(2,329)
Consolidated profit before taxation	**149,754**	145,149

(iii) ***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 operation to which they are allocated in the case of goodwill.

	Revenue from external customers		**Specified non-current assets**	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**1,632,308**	1,499,565	**311,208**	317,452
The PRC	**197,148**	166,316	**91,775**	83,588
	1,829,456	1,665,881	**402,983**	401,040

4 OTHER REVENUE AND NET INCOME

	2012 *HK$'000*	2011 *HK$'000*
Other revenue		
Interest income	**2,783**	1,335
Other net income		
Compensation received for surrender of a tenancy lease *(note)*	**13,460**	–
Net loss on disposal of fixed assets	**(1,256)**	(3,850)
Electric and gas range incentives	**2,906**	2,294
Profit on sale of redemption gifts	**797**	1,175
Gain on disposal of non-current assets held for sale	**–**	15,633
Net loss on dissolution of subsidiaries	**–**	(2,145)
Compensation paid to a landlord upon early termination of a tenancy lease	**–**	(147)
Others	**1,832**	1,247
	17,739	14,207

Note: During the year ended 31 March 2012, the Group has surrendered the tenancy lease for a premises under an urban renewal plan and received a compensation of HK$13,460,000.

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	2012 *HK$'000*	2011 *HK$'000*
(a) Finance costs:		
Change in fair value of other financial liabilities at fair value through profit or loss	**175**	624
Interest on bank loans	**1,581**	1,476
	1,756	2,100
(b) Other items:		
Cost of inventories *(note)*	**517,959**	469,829
Depreciation of fixed assets	**65,462**	61,799
Amortisation of interests in leasehold land held for own use under operating leases	**212**	211

Note: This represents food costs.

6 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

	2012	2011
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the year	**21,209**	21,737
(Over)/under-provision in respect of prior years	**(1,162)**	80
	20,047	21,817
Current tax – PRC		
Provision for the year	**1,283**	–
Over-provision in respect of prior years	**(165)**	(252)
	1,118	(252)
Deferred tax		
Origination and reversal of temporary differences	**(1,978)**	(258)
	19,187	21,307

The provision for Hong Kong Profits Tax for 2012 is calculated at 16.5% (2011: 16.5%) of the estimated assessable profits for the year. PRC taxation represents PRC corporate income tax for the year and is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions in the PRC.

7 DIVIDENDS

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

	2012	2011
	HK$'000	*HK$'000*
Interim dividend declared and paid of HK22.0 cents (2011: HK20.0 cents) per share	**27,294**	25,140
Special interim dividend declared and paid of nil (2011: HK8.0 cents) per share	**–**	10,056
Final dividend proposed after the end of the reporting period of HK38.0 cents (2011: HK32.0 cents) per share	**47,310**	40,132
Special final dividend proposed after the end of the reporting period of HK40.0 cents (2011: HK12.0 cents) per share	**49,800**	15,050
	124,404	90,378

In respect of the interim dividend for the six months ended 30 September 2011, there is a difference of HK$202,000 between the interim dividend disclosed in the interim report for the six months ended 30 September 2011 and amount approved and paid during the year which represents dividends attributable to (i) shares repurchased and (ii) new shares issued upon the exercise of share options, before the closing date of the register of members.

The final dividend and special final dividend proposed after the end of the reporting period have 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 paid during the year

	2012	2011
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HK32.0 cents (2011: HK28.0 cents) per share	**40,237**	35,203
Special final dividend in respect of the previous financial year, approved and paid during the year, of HK12.0 cents (2011: nil) per share	**15,089**	–
	55,326	35,203

In respect of the final dividend and special final dividend for the year ended 31 March 2011, there is a difference of HK$144,000 between the final dividend and special final dividend disclosed in the last annual financial statements and amount approved and paid during the year which represents dividends attributable to (i) shares repurchased 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 is based on the profit attributable to ordinary equity shareholders of the Company of HK$130,567,000 (2011: HK$123,842,000) and the weighted average of 125,000,000 ordinary shares (2011: 125,662,000 shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares:

	2012 Number of shares *'000*	2011 Number of shares *'000*
Issued ordinary shares at 1 April	**125,414**	125,687
Effect of share options exercised	**769**	343
Effect of shares repurchased	**(1,183)**	(368)
Weighted average number of ordinary shares at 31 March	**125,000**	125,662

(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$130,567,000 (2011: HK$123,842,000) and the weighted average number of ordinary shares of 126,513,000 shares (2011: 127,151,000 shares), calculated as follows:

Weighted average number of ordinary shares (diluted):

	2012 Number of shares *'000*	2011 Number of shares *'000*
Weighted average number of ordinary shares used in calculating basic earnings per share	**125,000**	125,662
Effect of deemed issue of ordinary shares under the Company's share option scheme for nil consideration	**1,513**	1,489
Weighted average number of ordinary shares used in calculating diluted earnings per share	**126,513**	127,151

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 end of the reporting period:

	2012	2011
	HK$'000	*HK$'000*
1 to 30 days	**3,180**	3,104
31 to 90 days	**321**	169
91 to 180 days	**–**	21
181 to 365 days	**1**	1
	3,502	3,295

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.

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 end of the reporting period:

	2012	2011
	HK$'000	*HK$'000*
1 to 30 days	**67,177**	66,804
31 to 90 days	**2,828**	992
91 to 180 days	**303**	1,100
181 to 365 days	**79**	53
Over one year	**990**	961
	71,377	69,910

12 PROVISIONS

	2012	2011
	HK$'000	*HK$'000*
Provision for long service payments	**16,160**	12,760
Provision for reinstatement costs for rented premises	**16,122**	15,627
	32,282	28,387
Less: Amount included under "current liabilities"	**(6,514)**	(5,790)
	25,768	22,597

MANAGEMENT DISCUSSION AND ANALYSIS

Overall performance

During the year under review, the Group recorded a turnover of HK$1,829.5 million, up 9.8% over the previous year (2011: HK$1,665.9 million). Gross profit margin registered a slight decrease to 13.4%. Profit attributable to equity shareholders was HK$130.6 million (2011: HK$123.8 million), representing a rise of 5.4%. Excluding the compensation received for surrender of a tenancy lease of HK$13.5 million and the gain of HK$15.6 million on property disposal last year, profit from core operating activities registered a year-on-year increase of 8.2% to HK$117.1 million (2011: HK$108.2 million). Basic earnings per share were HK104.45 cents (2011: HK98.55 cents).

Business review

Hong Kong

The Hong Kong market continued to deliver satisfactory results in the 2011/12 financial year, with both turnover and same store sales achieving pleasing growth, contributed by our higher value innovative products, astute pricing strategy, and well-planned network expansion. The operating environment was challenging partially due to the minimum wage legislation coming into effect, along with a continuous rise of food costs and rental levels. However, we are delighted that we managed to overcome the hurdles and maintained a solid gross profit margin.

Over the years, our visionary management team has evaluated a variety of means to improve competitiveness. The Central Food Processing Plant, the SAP Enterprise Resources Planning System, and the Flexible Scheduling Shift were measures that enabled us to stand out from our peers and sustain bottom-line growth despite changes in the market environment.

Our Central Food Processing Plant in Tai Po is now in full operation, standardising food quality and delivering an assured supply of safe, high-quality products at competitive prices. Through continuous efforts in improving efficiency and economies of scale, we have been able to lower both food and labour costs further.

In addition to our core fast food business, we have developed more specialty restaurant brands targeting different consumer segments. Kenting Tea House, Buddies Café and Curry Factory have been in operation in the Hong Kong market. Our plan is to introduce these specialty restaurants to Mainland China when the business models are strengthened.

Mainland China

Fairwood has adopted an expansion strategy in Mainland China during the year. Recognised for our quality, our stores are highly popular among the locals, and we have also extended our network of restaurants to major northern cities such as Beijing and Tianjin. Over the years, we have made headway in understanding the market by conducting market research which has enabled us to successfully capture local consumers' palates and preferences. The results of our efforts have been positive with an excellent sales growth of 19.1% recorded for the past year. We will continue to expand our business and to strengthen the pillars of our brand in Mainland China.

Network

During the year under review, the Group opened 10 new fast food stores including 6 in Hong Kong and 4 in Mainland China. As at 31 March 2012, the Group has a total of 108 stores in operation in Hong Kong, including 101 fast food stores, 2 Buddies Cafes and 5 specialty restaurants. In Mainland China, the Group operates 19 fast food stores.

Corporate Recognition

We believe that people and customers should always come first, and thus have continuously strived to satisfy the needs of customers through the quality of both the food and the dining experience to deliver the pledge of our brand. The management is delighted to see its efforts acknowledged by the business community through various accolades received during the year. The Group has been honoured with awards in three main sectors – Brand, Service, and Human Resources Management. Our efforts have been recognised in the brand-related awards that we have garnered as follows during the year:

– "Hong Kong Top Service Brand Award 2011" by The Chinese Manufacturers' Association of Hong Kong and Hong Kong Brand Development Council

– "Hong Kong Proud Brands Award" by The Chinese University of Hong Kong and Ming Pao Newspapers Limited

Excellent service can enhance customer loyalty through offering a comfortable and enjoyable dining experience. Our commitment has been rewarded by the following service-related awards we received during the year:

– "2011 Hong Kong Awards for Industries: Customer Service Grand Award" by the Hong Kong Retail Management Association

– "Service & Courtesy Award" by the Hong Kong Retail Management Association

– "Customer Service Excellence Award" by the Hong Kong Association for Customer Service Excellence

– "Hong Kong International Airport Customer Service Excellence Programme: Team Award and Individual Award" by The Airport Authority Hong Kong

– "2011 Total Quality Service Regime: Quality Service Award in the General Retail – Food and Beverage (Self-serve) Category" by MTR Corporation

By adhering to our motto: "Enjoy Great Food, Live a Great Life", we care for our employees as well as our customers. We are pleased that our efforts in implementing family-friendly employment policies and practices within and beyond the working environment have been acknowledged in the following citations and awards:

– "2011 Distinguished Family-Friendly Employer" by the Family Council

– "ERB Manpower Development Scheme Award" by the Employees Retraining Board

– "Catering Industry Safety Awards" by the Labour Department and Occupational Safety & Health Council

Prospects

As we embark on our 40th year of operation, we will continue to step up our efforts in gaining insights into consumer preferences while closely monitoring the market situation in Hong Kong and Mainland China so that we could align our strategies to achieve the optimal performance. We are optimistic that we can advance our business forward in this year of historical significance for the Group.

At the same time, we will remain committed to our stakeholders and the community. In particular, we will further strengthen our relationships with our consumers, suppliers, employees and shareholders.

Our efforts have earned us continuous support from customers over the course of four decades. Our first priority has always been to deliver a consistently excellent dining experience by providing quality food and service at an affordable price. Innovative delicious products, exciting marketing promotions and creative advertising campaigns are also planned for the coming year to attract more customers. Underpinning all of our efforts is our unwavering commitment to soliciting our customers' opinions and endeavouring our best to improve our menu and products to meet their preference and maintain their loyalty.

At Fairwood, our suppliers are important to our success and we treat them as our long term partners. We will continue to adopt a global procurement strategy to source authentic and quality raw materials and to proactively control food costs. Furthermore, it is highly essential for us to maintain good relationships while closely monitoring both our new and existing vendors to ensure an uninterrupted supply of tasty food that our customers have come to expect.

One of the most important factors behind our success is our highly experienced and loyal employees. Our employees are treated as members of a big family; their job satisfaction is thus one of our key concerns. Towards this end, the management encourages work-life balance by introducing internal and external activities for colleagues' benefit and enjoyment. Moreover, we continue to provide comprehensive on-the-job training and reward our top performing employees accordingly.

Last but not least, we believe ongoing communication and operational transparency are the keys to sustaining our relationship with our shareholders. As always, we will pay attention to our shareholders' advice, strengthen our business model, improve our competitiveness, and achieve satisfactory returns in appreciation of their loyalty and support.

Financial Review

Liquidity and financial resources

At 31 March 2012, the Group had total assets of HK$806.8 million (2011: HK$780.9 million). The Group's working capital was HK$111.5 million (2011: HK$84.0 million), represented by total current assets of HK$355.9 million (2011: HK$334.6 million) against total current liabilities of HK$244.4 million (2011: HK$250.6 million). Current ratio, being the proportion of total current assets against total current liabilities, was 1.5 (2011: 1.3). Total equity was HK$503.7 million (2011: HK$467.7 million).

The Group finances its business with internally generated cash flows and available banking facilities. At 31 March 2012, the Group had bank deposits and cash amounting to HK$265.3 million (2011: HK$253.7 million), representing an increase of 4.6% from 2011. Most bank deposits and cash were denominated in Hong Kong dollars, United States dollars and Renminbi.

At 31 March 2012, the Group had total bank loans of HK$31.0 million denominated in Hong Kong dollars (2011: HK$41.9 million denominated in Hong Kong dollars and Renminbi). All of the Group's bank borrowings were subject to the floating rate basis and the maturity of borrowings are up to 2019. The unutilised banking facilities were HK$271.1 million (2011: HK$270.6 million). The gearing ratio of the Group dropped to 6.2% (2011: 9.0%), which was calculated based on the total bank loans over total equity.

Profitability

Return on average equity was 24.1% (2011: 24.6%), being profits attributable to equity shareholders of the Company excluding the compensation received for surrender of a tenancy lease and the gain on disposal of non-current assets held for sale against the average total equity at the beginning and the end of the year.

Capital expenditure

During the year, the capital expenditure was approximately HK$68.4 million (2011: HK$66.5 million) and these amounts were mainly used for new and existing shops renovation.

Financial risk management

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

The Group is exposed to foreign currency risk primarily through cash at bank 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.

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 4.5 years and had the fixed swap rates ranging from 2.63% to 2.74%.

Charges on Group's assets

At 31 March 2012, the net book value of properties pledged as security for banking facilities granted to certain subsidiaries of the Group amounted to HK$48.3 million (2011: HK$48.3 million) and no bank deposits and cash was used to pledge any loans or banking facilities.

Commitments

The Group's capital commitments outstanding at 31 March 2012 were HK$45.7 million (2011: HK$41.4 million). Included in capital commitment outstanding at 31 March 2012 was an amount of HK$20.2 million (2011: HK$23.7 million) for the future development of the central food processing plant. In addition, the Group had outstanding other commitments of HK$0.9 million at 31 March 2012 (2011: HK$8.6 million) in respect of the contracting fee for operation of a fast food restaurant not provided for in the financial statements.

Contingent liabilities

At 31 March 2012, 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 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 guarantee is the amount of the facilities drawn down by all the subsidiaries that are covered by the guarantees, being HK$77.6 million (2011: HK$84.0 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 2012, the total number of employees of the Group was approximately 4,600 (2011: 4,600). Staff costs for the year were approximately HK$506.1 million (2011: HK$443.4 million). 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 recommends to pay a final dividend of HK38.0 cents (2011: HK32.0 cents) per share and a special final dividend of HK40.0 cents (2011: HK12.0 cents) per share for the year ended 31 March 2012. Together with the interim dividend of HK22.0 cents (2011: HK20.0 cents and a special interim dividend of HK8.0 cents) per share paid during the year, the total dividend for the year ended 31 March 2012 amounts to HK100.0 cents (2011: HK72.0 cents) per share, representing a total distribution of approximately 95% of the Group's profit for the year. The proposed final and special final dividends will be paid on or before Wednesday, 3 October 2012 to shareholders whose names appear on the Register of Members of the Company at the close of business on Thursday, 20 September 2012.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Friday, 7 September 2012 to Tuesday, 11 September 2012 (both days inclusive) during which period no transfer of shares will be registered. In order for the shareholders to be eligible to attend and vote at the forthcoming annual general meeting of the Company, 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 Room 1712-6, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Thursday, 6 September 2012 for registration.

The Register of Members will also be closed from Tuesday, 18 September 2012 to Thursday, 20 September 2012 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the final and special final dividends, 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 Room 1712-6, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Monday, 17 September 2012 for registration.

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

During the year, the Company repurchased its own shares on the Stock Exchange as follows:

Month/Year	Number of shares repurchased	Highest price paid per share	Lowest price paid per share	Aggregate price paid
		HK$	*HK$*	*HK$'000*
April 2011	298,000	10.98	10.84	3,257
May 2011	411,000	10.86	10.64	4,408
August 2011	431,500	11.50	11.02	4,855
September 2011	395,000	11.02	9.30	4,159
February 2012	271,000	12.00	10.80	3,110
March 2012	483,500	12.50	11.72	5,923
	2,290,000			25,712

Out of 2,290,000 shares repurchased, 1,999,000 shares were cancelled while the remaining 291,000 shares were cancelled subsequently on 5 April 2012 and 11 May 2012 respectively. The repurchased shares were cancelled and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. The premium and transaction costs paid on the repurchase of the shares of HK$20,084,000 and HK$68,000 respectively were charged to the Group's reserves.

Saved as disclosed above, there were no other purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the year.

CORPORATE GOVERNANCE

The Company has complied with the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the year ended 31 March 2012, 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. Further information will be provided in the "Corporate Governance Report" of the 2011/2012 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 the management and the Company's external auditors the annual results for the year ended 31 March 2012 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 ("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 year ended 31 March 2012.

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 2011/2012 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

Stepping into Fairwood's 40th anniversary, I would like to once again express my deepest appreciation to our dedicated staff and management team. It has not been easy tackling the various challenges over the years, yet hand-in-hand we have managed to weather through good and bad times. I also wish to extend my gratitude to our customers, fellow directors, business partners and shareholders, for their valuable contributions and support down through the years. I am proud to be part of the Fairwood family, and we look forward to celebrating more decades of success together.

By Order of the Board
Dennis Lo Hoi Yeung
Executive Chairman

Hong Kong, 27 June 2012

As at the date of this announcement, the Board 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.