FAIRWOOD HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 52)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

HIGHLIGHTS

- Profit for the period rose by 4.9% to HK$67.2 million (2012: HK$64.0 million)
- Turnover increased by 4.1% to HK$1,013.0 million (2012: HK$972.8 million)
- Annualized return on average equity[1] was 25.7% (year ended 31 March 2013: 24.5%)
- Basic earnings per share were HK53.48 cents (2012: HK51.15 cents)
- The Board of Directors declared an interim dividend of HK23.0 cents (2012: HK23.0 cents) per share

Note 1: Annualized return on average equity is defined as profit for the period attributable to equity shareholders of the Company excluding the net gain on disposal of properties 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 2013 together with the comparative figures for the period ended 30 September 2012. 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 2013 – UNAUDITED

		Six months ended 30 September	
		2013	2012
	Note	***HK$'000***	*HK$'000*
Turnover	*3*	**1,012,960**	972,776
Cost of sales		**(871,412)**	(832,187)
Gross profit		**141,548**	140,589
Other revenue	*4*	**2,120**	1,836
Other net income	*4*	**2,347**	1,489
Selling expenses		**(15,684)**	(15,582)
Administrative expenses		**(45,938)**	(48,208)
Net valuation gains on investment properties		**1,782**	197
Impairment losses on fixed assets		**(4,387)**	(2,538)
Profit from operations		**81,788**	77,783
Finance costs	*5(a)*	**(307)**	(498)
Profit before taxation	*5*	**81,481**	77,285
Income tax	*6*	**(14,312)**	(13,273)
Profit for the period attributable to equity shareholders of the Company		**67,169**	64,012
Earnings per share	*8*		
Basic		**53.48 cents**	51.15 cents
Diluted		**52.86 cents**	50.44 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013 – UNAUDITED

	Six months ended 30 September	
	2013	2012
	HK$'000	*HK$'000*
Profit for the period attributable to equity shareholders of the Company	**67,169**	64,012
Other comprehensive income for the period (after tax):		
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of the financial statements of the subsidiaries in the People's Republic of China (the "PRC")	**1,496**	(697)
Total comprehensive income for the period attributable to equity shareholders of the Company	**68,665**	63,315

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2013 – UNAUDITED

	Note	At 30 September 2013 HK$'000	At 31 March 2013 HK$'000
Non-current assets			
Fixed assets			
– Investment properties		**59,892**	58,110
– Other property, plant and equipment		**355,116**	368,110
– Interests in leasehold land held for own use under operating leases		**7,145**	7,251
		422,153	433,471
Goodwill		**1,001**	1,001
Rental deposits paid		**48,520**	46,892
Deferred tax assets		**2,070**	2,045
		473,744	483,409
Current assets			
Inventories		**32,365**	31,593
Trade and other receivables	*9*	**62,683**	55,999
Current tax recoverable		**–**	10
Bank deposits and cash		**382,304**	290,992
		477,352	378,594
Current liabilities			
Trade and other payables	*10*	**331,901**	248,739
Bank loans		**10,304**	5,077
Current tax payable		**21,115**	10,749
Provisions for long service payments and reinstatement costs		**5,475**	8,953
		368,795	273,518
Net current assets		**108,557**	105,076
Total assets less current liabilities		**582,301**	588,485
Non-current liabilities			
Bank loans		**13,159**	20,917
Deferred tax liabilities		**12,910**	13,867
Rental deposits received		**1,338**	1,152
Provisions for long service payments and reinstatement costs		**29,823**	32,850
		57,230	68,786
Net assets		**525,071**	519,699
Capital and reserves			
Share capital		**125,510**	125,178
Reserves		**399,561**	394,521
Total equity		**525,071**	519,699

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 2013 annual financial statements except for the accounting policy changes that are expected to be reflected in the 2014 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 2013 that is included in the interim financial results as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 March 2013 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 26 June 2013.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a few amendments to HKFRSs 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:

- Amendments to HKAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*
- HKFRS 10, *Consolidated financial statements*
- HKFRS 13, *Fair value measurement*
- *Annual Improvements to HKFRSs 2009-2011 Cycle*
- Amendments to HKFRS 7 – *Disclosures – Offsetting financial assets and financial liabilities*

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

Amendments to HKAS 1, Presentation of financial statements – Presentation of items of other comprehensive income

The amendments to HKAS 1 require entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. The Group's presentation of other comprehensive income in these financial statements has been modified accordingly.

HKFRS 10, Consolidated financial statements

HKFRS 10 replaces the requirements in HKAS 27, *Consolidated and separate financial statements* relating to the preparation of consolidated financial statements and HK-SIC 12 *Consolidation – Special purpose entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 April 2013.

HKFRS 13, Fair value measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. Some of the disclosures are specifically required for financial instruments in the interim financial reports. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

Annual Improvements to HKFRSs 2009-2011 Cycle

This cycle of annual improvements contains amendments to five standards with consequential amendments to other standards and interpretations. Among them, HKAS 34 has been amended to clarify that total assets for a particular reportable segment are required to be disclosed only if the amounts are regularly provided to the chief operating decision maker (CODM) and only if there has been a material change in the total assets for that segment from the amount disclosed in the last annual financial statements. The amendment also requires the disclosure of segment liabilities if the amounts are regularly provided to the CODM and there has been a material change in the amounts compared with the last annual financial statements. The amendment does not have any impact on the segment disclosure of the Group because the Group does not disclose segment assets and liabilities on the basis that the amounts are not regularly provided to the CODM.

Amendments to HKFRS 7 – Disclosures – Offsetting financial assets and financial liabilities

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32, *Financial instruments: Presentation* and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The adoption of the amendments does not have an impact on the Group's interim financial results because the Group has not offset financial instruments, nor has it entered into any master netting arrangement or similar agreement which is subject to the disclosure requirements of HKFRS 7.

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	
	2013	2012
	HK$'000	*HK$'000*
Sale of food and beverages	**1,010,552**	970,838
Property rental	**2,408**	1,938
	1,012,960	972,776

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

(a) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results of 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 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 and liabilities information are 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 periods is set out below.

	Hong Kong restaurant		The PRC restaurant		Other segments		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK\$'000	*HK\$'000*	***HK\$'000***	*HK\$'000*	***HK\$'000***	*HK\$'000*	***HK\$'000***	*HK\$'000*
For the six months ended 30 September								
Revenue from external customers	**922,264**	866,490	**88,288**	104,348	**2,408**	1,938	**1,012,960**	972,776
Inter-segment revenue	**–**	–	**–**	–	**2,352**	2,689	**2,352**	2,689
Reportable segment revenue	**922,264**	866,490	**88,288**	104,348	**4,760**	4,627	**1,015,312**	975,465
Reportable segment profit/(loss)	**82,235**	71,257	**(2,207)**	4,651	**3,855**	3,604	**83,883**	79,512

(b) Reconciliations of reportable segment profit

	Six months ended 30 September	
	2013	2012
	HK\$'000	*HK\$'000*
Profit		
Reportable segment profit before taxation	**83,883**	79,512
Change in fair value of other financial liabilities at fair value through profit or loss	**203**	114
Net valuation gains on investment properties	**1,782**	197
Impairment losses on fixed assets	**(4,387)**	(2,538)
Consolidated profit before taxation	**81,481**	77,285

4 OTHER REVENUE AND NET INCOME

	Six months ended 30 September **2013** *HK$'000*	2012 *HK$'000*
Other revenue		
Interest income	**2,120**	1,836
Other net income		
Electric and gas range incentives	**2,096**	2,850
Profit on sale of redemption gifts	**581**	552
Net foreign exchange gain/(loss)	**1,161**	(370)
Net loss on disposal of fixed assets	**(2,341)**	(2,177)
Others	**850**	634
	2,347	1,489

5 PROFIT BEFORE TAXATION

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

	Six months ended 30 September **2013** *HK$'000*	2012 *HK$'000*
(a) Finance costs:		
Interest on bank borrowings	**510**	612
Change in fair value of other financial liabilities at fair value through profit or loss	**(203)**	(114)
	307	498
(b) Other items:		
Cost of inventories *(Note)*	**269,922**	259,693
Depreciation of fixed assets	**36,792**	35,759
Amortisation of interests in leasehold land held for own use under operating leases	**106**	106
Equity-settled share-based payment (income)/expenses	**(170)**	505

Note: The cost of inventories represents food costs.

6 INCOME TAX

	Six months ended 30 September	
	2013	2012
	HK$'000	*HK$'000*
Current tax		
Provision for Hong Kong Profits Tax	**15,267**	10,155
PRC taxation	**–**	(101)
	15,267	10,054
Deferred tax		
Origination and reversal of temporary differences	**(955)**	3,219
	14,312	13,273

The provision for Hong Kong Profits Tax is calculated at 16.5% (2012: 16.5%) of the estimated assessable profits for the six months ended 30 September 2013. PRC taxation represents PRC corporate 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 DIVIDENDS

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

	Six months ended 30 September	
	2013	2012
	HK$'000	*HK$'000*
Interim dividend declared and payable after the interim period of HK23.0 cents (2012: HK23.0 cents) per share	**28,867**	28,786

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

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

	Six months ended 30 September	
	2013	2012
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year ended 31 March 2013, approved and payable during the following interim period, of HK39.0 cents (year ended 31 March 2012: HK38.0 cents) per share	**48,949**	47,560
Special final dividend in respect of the previous financial year ended 31 March 2013, approved and payable during the following interim period, of HK10.0 cents (year ended 31 March 2012: HK40.0 cents) per share	**12,551**	50,063
	61,500	97,623

In respect of the final dividend and special final dividend for the year ended 31 March 2013, there is a difference of HK$163,000 (year ended 31 March 2012: HK$513,000) between the final dividend and special final dividend disclosed in the 2013 annual financial statements and amounts approved and payable during the period. The difference 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 for the six months ended 30 September 2013 is based on the profit attributable to ordinary equity shareholders of the Company of HK$67,169,000 (2012: HK$64,012,000) and the weighted average number of ordinary shares of 125,591,000 shares (2012: 125,142,000 shares) in issue during the period.

(b) Diluted earnings per share

The calculation of diluted earnings per share for the six months ended 30 September 2013 is based on the profit attributable to ordinary equity shareholders of the Company of HK$67,169,000 (2012: HK$64,012,000) and the weighted average number of ordinary shares of 127,077,000 shares (2012: 126,910,000 shares), calculated as follows:

	Six months ended 30 September	
	2013	2012
	Number of shares	Number of shares
	'000	*'000*
Weighted average number of ordinary shares used in calculating basic earnings per share	**125,591**	125,142
Effect of deemed issue of ordinary shares under the Company's share option scheme for nil consideration	**1,486**	1,768
Weighted average number of ordinary shares used in calculating diluted earnings per share	**127,077**	126,910

9 TRADE AND OTHER RECEIVABLES

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

	At 30 September 2013	At 31 March 2013
	HK$'000	*HK$'000*
1 to 30 days	**2,362**	5,967
31 to 90 days	**55**	543
	2,417	6,510

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.

10 TRADE AND OTHER PAYABLES

	At 30 September 2013 *HK$'000*	At 31 March 2013 *HK$'000*
Creditors and accrued expenses	**248,119**	223,704
Receipts in advance	**21,844**	24,209
Dividends payable	**61,500**	–
Rental deposits received	**39**	224
	331,502	248,137
Derivative financial instruments	**399**	602
	331,901	248,739

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

	At 30 September 2013 *HK$'000*	At 31 March 2013 *HK$'000*
1 to 30 days	**90,471**	76,729
31 to 90 days	**1,325**	2,959
91 to 180 days	**329**	972
181 to 365 days	**51**	41
Over one year	**734**	1,004
	92,910	81,705

11 COMPARATIVE FIGURES

Net foreign exchange loss of HK$370,000 for the period ended 30 September 2012 has been re-classified from administrative expenses to other net income to conform to current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall performance

For the six months ended 30 September 2013, the Group achieved an increase in turnover of 4.1% to HK$1,013.0 million, up from HK$972.8 million recorded for the last corresponding period. Gross profit margin dropped by 0.5% to 14.0%. Profit for the period attributable to equity shareholders of the Company was HK$67.2 million, an increase of 4.9% from HK$64.0 million reported for the same period last year. Basic earnings per share were HK53.48 cents (six months ended 30 September 2012: HK51.15 cents).

Business review

Hong Kong

During the review period, Fairwood recorded a stable growth and embarked successfully on a brand uplift. A series of innovative marketing initiatives were introduced including a new thematic advertising campaign and the use of new social media for customers to share their thoughts via Fairwood's Facebook and WeChat pages. These initiatives have not only brought an added sense of excitement to the Fairwood brand, but have also reinforced the corporate mission: "Enjoy Great Food, Live a Great Life".

Product innovation was important in contributing to the Group's sales growth in Hong Kong. Fairwood's signature dishes such as Ah Wood Curry and Baked Pork Chop with Rice have been further enhanced. Moreover, the Group's successful "Green Light Zone" and "No MSG" series, designed to address the rising health consciousness of customers, continued to enjoy an overwhelmingly positive response. In order to keep abreast of the latest dining trends, various innovative products including Risotto and Thick-Cut Black Pork Cutlet were also introduced. All in all, efforts dedicated to marketing and product innovation have strengthened the loyalty of existing customers while attracting new ones, leading to an increased average spending and healthy sales performance.

The business environment in Hong Kong remained challenging during the review period, with continuously rising cost in food, rental and labour. Nevertheless, the Group has managed to maintain its profit margin, thus proving the effectiveness of its strategic business model. The enhanced SAP Enterprise Resources Planning ("ERP") System which has been adopted for a few years has enabled management to gather timely and useful information for improving productivity and cost control. Further investments on the Central Food Processing Plant during the period enabled the Group to bespeak products to enhance food quality consistency and upholding standard as well as minimising wastage. Both the SAP ERP System and Central Food Processing Plant are being constantly upgraded to further streamline business operations and enhance profitability.

Adhering to Fairwood's core value of being "people-oriented", the Group has continuously focused on talent management while cultivating a culture of care among existing employees. Over the years, various training programmes have been offered to equip Fairwood's management team with the knowledge and skills for their professional and personal development. In addition, different staff-engagement activities have been arranged to foster a harmonious atmosphere within the organisation. Happy staff will bring joy to all customers.

Mainland China

Business in Mainland China has been stagnant and consumer spending sentiment was also adversely affected during the review period. A prudent approach has been adopted, including carefully gauging consumer behaviour and dining habits. The management has reassessed the location of certain stores and consolidated the Group's operations within the country. To seek improvement, the Group will continue to dedicate efforts to replicating the successful business model in Hong Kong for the Mainland market.

Network

During the review period, the Group opened two new fast food stores in Hong Kong bringing the total number of stores to 139. As at 30 September 2013, the Group had a total of 114 stores in operation in Hong Kong, including 103 fast food stores, 5 Kenting Tea Houses, 3 Buddies Cafés and 3 other specialty restaurants. In Mainland China, the Group operated 25 fast food stores as at the end of the reporting period.

Prospect

Moving forward, the management believes that the Hong Kong and Mainland China market environments remain challenging. In order to improve the performance of the Group and deliver the best returns to shareholders, the management will continue to closely monitor the market situation and enhance all areas of operation – from marketing and product innovation, to streamlining processes and achieving greater cost effectiveness. After the recent roll out of the SAP ERP System in Mainland China, the Group is planning to establish a new Central Food Processing Plant in Southern China, which is expected to act as a strategic support facility to boost the Mainland China business. This new plant will help to expand the Group's product offerings, standardise food quality, lower operating costs and perform as a solid foundation for future expansion.

Fairwood advocates community harmony and has always devoted to upholding corporate social responsibility. The "Fairwood $4 Meal" campaign, following its great success last year, will also be offered this year to benefit the underprivileged. Fairwood also participated in the "Pink Desserts" charity campaign organised by the Hong Kong Hereditary Breast Cancer Family Registry – aiming to raise public awareness of social issues related to breast cancer in Hong Kong. Upholding Fairwood's corporate mission: "Enjoy Great Food, Live a Great Life," the Group will continue to initiate and participate in different activities to contribute to the betterment of the wider community.

Financial Review

Liquidity and financial resources

At 30 September 2013, total assets of the Group amounted to HK$951.1 million (31 March 2013: HK$862.0 million). The Group's working capital was HK$108.6 million (31 March 2013: HK$105.1 million), represented by total current assets of HK$477.4 million (31 March 2013: HK$378.6 million) against total current liabilities of HK$368.8 million (31 March 2013: HK$273.5 million). The current ratio, being the proportion of total current assets against total current liabilities, was 1.3 (31 March 2013: 1.4). Total equity was HK$525.1 million (31 March 2013: HK$519.7 million).

The Group finances its business with internally generated cash flows and available banking facilities. At 30 September 2013, the Group had bank deposits and cash amounting to HK$382.3 million (31 March 2013: HK$291.0 million), representing an increase of 31.4% from 31 March 2013. Most bank deposits and cash were denominated in Hong Kong dollars, United States dollars and Renminbi.

At 30 September 2013, the Group had total bank loans of HK$23.5 million (31 March 2013: HK$26.0 million) denominated in Hong Kong dollars. All of the Group's bank borrowings were subject to floating rate basis and the maturity of borrowings are up to 2019. The unutilised banking facilities were HK$321.0 million (31 March 2013: HK$315.8 million). The gearing ratio of the Group was 4.5% (31 March 2013: 5.0%), which was calculated based on the total bank loans over total equity.

Profitability

Annualized return on average equity was 25.7% (year ended 31 March 2013: 24.5%), being profit for the period attributable to equity shareholders of the Company excluding the net gain on disposal of properties against the average total equity at the beginning and the end of the reporting period and then multiplying by two.

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 into 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 3 years and had the fixed swap rates ranging from 2.63% to 2.74%.

Charges on Group's assets

As at the end of the reporting period, the net book value of properties pledged as security for banking facilities granted to certain subsidiaries of the Group amounted to HK$48.0 million (31 March 2013: HK$47.0 million).

Commitments

The Group's capital commitments outstanding at 30 September 2013 was HK$23.8 million (31 March 2013: HK$20.7 million). Included in capital commitments outstanding at 30 September 2013 was an amount of HK$10.6 million (31 March 2013: HK$14.7 million) for the future development of the central food processing plant.

Contingent liabilities

At 30 September 2013, guarantees are given to banks by the Company in respect of mortgage loans and other banking facilities extended to certain wholly-owned subsidiaries.

As at the end of the reporting period, the directors of the Company do not consider it probable that a claim will be made against the Company under the guarantee arrangement. The maximum liability of the Company at the end of the reporting period under the guarantees is the amount of the outstanding utilised facilities by all the subsidiaries that are covered by the guarantees, being HK$79.5 million (31 March 2013: HK$76.5 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 2013, the total number of employees of the Group was approximately 4,600 (31 March 2013: 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.

DIVIDEND

The Board declared an interim dividend of HK23.0 cents (2012: HK23.0 cents) per share for the six months ended 30 September 2013 to shareholders whose names appear on the Register of Members of the Company at the close of business on Tuesday, 17 December 2013. The declared dividend represents a distribution of approximately 43% of the Group's profit for the period attributable to equity shareholders. The interim dividend will be paid on or before Monday, 30 December 2013.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 13 December 2013 to Tuesday, 17 December 2013 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the interim dividend, 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, 12 December 2013 for registration.

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

During the six months ended 30 September 2013, 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*
June 2013	250,000	16.00	15.64	3,984
July 2013	276,500	16.14	16.12	4,462
August 2013	13,000	16.12	16.12	210
	539,500			8,656

The above repurchased shares were cancelled and the issued share capital of the Company was reduced by the nominal value of these shares accordingly. The premium and transaction costs paid on the repurchase of the shares of HK$8,116,000 and HK$25,000 respectively were charged to the Group's share premium account.

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 period.

CORPORATE GOVERNANCE

The Company has complied with the applicable code provisions of the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2013, save and except that the Chairman and the Managing Director (the Chief Executive Officer) of the Company are not subject to retirement by rotation under the Bye-laws of the Company.

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

AUDIT COMMITTEE

The audit committee comprises one Non-executive Director and three Independent Non-executive Directors of the Company and reports to the Board. The audit committee has reviewed with the management and the Company's external auditors the unaudited financial information and interim results for the six months ended 30 September 2013.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules for securities transactions by Directors of the Company. Following specific enquiry by the Company, all Directors of the Company confirmed their compliance with the required standards set out in the Model Code throughout the six months ended 30 September 2013.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on the websites of the Company (www.fairwood.com.hk) and the Stock Exchange (www.hkex.com.hk). The interim report of the Company for the six months ended 30 September 2013 containing all information required by the Listing Rules will be dispatched to shareholders of the Company and available on the same websites in due course.

By Order of the Board
Dennis Lo Hoi Yeung
Executive Chairman

Hong Kong, 28 November 2013

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