FAIRWOOD HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 52)

PROFIT WARNING

This announcement is made by Fairwood Holdings Limited (the "**Company**", together with its subsidiaries, collectively known as the "**Group**") pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the "**Board**") would like to inform the shareholders of the Company (the "**Shareholders**") and potential investors that, based on its preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 31 March 2020 (the "**Year**") and the information currently available to the Board, the Group is expected to record a significant decline of approximately 65% to 75% in the profit attributable to Shareholders for the Year, as compared with the profit for the year ended 31 March 2019. The said decline was mainly attributable to: (1) the severe drop in foot traffic and revenue since the outbreak of novel coronavirus ("**COVID-19**"); (2) the decline in gross profit margin that was mainly due to rising rental and labor costs; and (3) the adoption of Hong Kong Financial Reporting Standard 16, *"Leases"* (**"HKFRS 16")**, which took effect on 1 January 2019 and superseded Hong Kong Accounting Standard 17, *"Leases"* (**"HKAS 17")**.

The adoption of HKFRS 16 will result in higher expenses related to the leases recorded in the Group's statement of profit or loss in the initial years of the lease as compared with such expenses recognized under HKAS 17. The adverse effects on the Group's profit will be off-set in the subsequent years of the lease, and consequently such impact on the Group's profit will be neutralized throughout the individual lease terms.

In the last quarter of the Year, the outbreak of COVID-19 had a severe impact on the food and beverage sector. Reduced foot traffic and restrictions on gatherings had an adverse effect on our revenue and resulting profit.

The Company is still in the process of finalizing the Group's annual results for the Year. The information contained in this announcement is only based on the preliminary assessment by the Board with reference to the unaudited consolidated management accounts of the Group for the Year and the information currently available to it, which have not been confirmed and reviewed by the auditors of the Company.

The annual results announcement of the Company for the Year is expected to be published around the end of June 2020.

Shareholders and potential investors of the Company are cautioned not to unduly rely on such information and are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
Dennis Lo Hoi Yeung
Executive Chairman

Hong Kong, 15 May 2020

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

Website: www.fairwoodholdings.com.hk