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FAIRWOOD HOLDINGS LIMITED
大快活集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 52)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2025

HIGHLIGHTS

- Profit attributable to equity shareholders amounted to HK$35.5 million (2024: HK$50.7 million). Excluding government grants received, profit attributable to equity shareholders was HK$35.1 million, fall of 28.8% against last year's HK$49.3 million.
- Revenue was HK$3,100.1 million (2024: HK$3,136.9 million), decreased by 1.2%.
- The Group maintained a healthy financial position with bank deposits, cash and cash equivalents of HK$545.7 million (2024: HK$641.0 million) as at 31 March 2025.
- Basic earnings per share were HK27.43 cents (2024: HK39.10 cents), decreased by 29.8%.
- Final dividend of HK17.0 cents per share was proposed, representing a total dividend per share for the year of HK22.0 cents and a payout ratio of approximately 80.2%.

ANNUAL RESULTS

The Board of Directors (the "Board") of Fairwood Holdings Limited (the "Company") hereby announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2025, together with the comparative figures for the year ended 31 March 2024, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 MARCH 2025

	Notes	**2025** **HK$'000**	2024 *HK$'000*
Revenue	3	**3,100,070**	3,136,947
Cost of sales	5(b)	**(2,862,864)**	(2,866,353)
Gross profit		**237,206**	270,594
Other revenue and other net gain	4	**58,200**	42,405
Selling expenses		**(43,680)**	(35,530)
Administrative expenses	5(b)	**(141,868)**	(145,324)
Impairment losses on other property, plant and equipment		**(10,993)**	(11,125)
Impairment losses on right-of-use assets		**(25,389)**	(21,509)
Valuation losses on investment properties		**(1,150)**	(1,020)
Profit from operations		**72,326**	98,491
Finance costs	5(a)	**(33,677)**	(33,366)
Profit before taxation	5	**38,649**	65,125
Income tax	6	**(3,109)**	(14,468)
Profit for the year attributable to equity shareholders of the Company		**35,540**	50,657
Earnings per share	8		
Basic		**HK27.43 cents**	HK39.10 cents
Diluted		**HK27.43 cents**	HK39.10 cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2025

	2025	2024
	HK$'000	*HK$'000*
Profit for the year attributable to equity shareholders of the Company	**35,540**	50,657
Other comprehensive expense for the year:		
Item that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of subsidiaries in Mainland China	**(228)**	(578)
Total comprehensive income for the year attributable to equity shareholders of the Company	**35,312**	50,079

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2025

	Notes	At 31 March 2025 HK$'000	At 31 March 2024 HK$'000
Non-current assets			
Investment properties		**21,090**	22,240
Other property, plant and equipment		**433,077**	396,593
Right-of-use assets		**881,001**	970,574
		1,335,168	1,389,407
Goodwill		**1,001**	1,001
Non-current deposits		**61,377**	60,302
Deferred tax assets		**4,602**	703
		1,402,148	1,451,413
Current assets			
Inventories		**54,282**	52,651
Trade and other receivables	9	**103,194**	102,725
Current tax recoverable		**52**	39
Bank deposits and cash and cash equivalents		**545,653**	640,983
		703,181	796,398
Current liabilities			
Trade and other payables	10	**402,510**	435,009
Lease liabilities		**372,430**	389,911
Current tax payable		**258**	6,214
Provisions	11	**31,122**	26,601
Long service payment obligation	12	**920**	608
Bank borrowings		**5,419**	–
		812,659	858,343
Net current liabilities		**(109,478)**	(61,945)
Total assets less current liabilities		**1,292,670**	1,389,468

	Notes	At **31 March** **2025** ***HK$'000***	At 31 March 2024 *HK$'000*
Non-current liabilities			
Lease liabilities		**565,700**	652,270
Deferred tax liabilities		**114**	117
Rental deposits received		**1,690**	1,798
Provisions	11	**40,224**	46,636
Long service payment obligation	12	**32,907**	28,242
		640,635	729,063
Net assets		**652,035**	660,405
Capital and reserves			
Share capital		**129,553**	129,553
Reserves		**522,482**	530,852
Total equity		**652,035**	660,405

NOTES:

1 BASIS OF PREPARATION

The annual results set out in the announcement are extracted from the Group's consolidated financial statements for the year ended 31 March 2025.

As at 31 March 2025, the Group's total current assets were HK$703,181,000 (2024: HK$796,398,000) and total current liabilities were HK$812,659,000 (2024: HK$858,343,000). As a result, the Group recorded net current liabilities of HK$109,478,000 (2024: HK$61,945,000) mainly due to lease liabilities of HK$372,430,000 (2024: HK$389,911,000) recognised under current liabilities.

Despite the net current liabilities as at 31 March 2025, the Group's bank deposits and cash and cash equivalents amounted to HK$545,653,000 (2024: HK$640,983,000) and unutilised banking facilities amounted to HK$206,140,000 (2024: HK$231,263,000) on the same day, the Group also reported a profit before taxation of HK$38,649,000 (2024: HK$65,125,000) and recorded net cash generated from operating activities of HK$586,452,000 (2024: HK$650,108,000) during the year ended 31 March 2025. Furthermore, based on the cash flow projection prepared by management which covers a period of not less than twelve months from 31 March 2025, the directors of the Company are of the opinion that anticipated cash flows generated from the Group's operations and unutilised banking facilities can strengthen the Group's financial position and enable the Group to have sufficient financial resources to meet its financial obligations as and when they fall due in the coming twelve months from 31 March 2025. Accordingly, the Group's consolidated financial statements have been prepared on a going concern basis.

The Group's consolidated financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards, 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 requirements of the Hong Kong Companies Ordinance. The Group's consolidated financial statements also comply 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

(i) Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time, which are mandatorily effective for the annual period beginning on 1 April 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(ii) New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11[3]
Amendments to HKAS 21	Lack of Exchangeability[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2025.
3 Effective for annual periods beginning on or after 1 January 2026.
4 Effective for annual periods beginning on or after 1 January 2027.

Except as HKFRS 18, "Presentation and Disclosure in Financial Statements" ("HKFRS 18") which introduces new requirements to present specified categories and defined subtotals in the consolidated statement of profit or loss, provide disclosures on management-defined performance measures (MPMs) in the notes to the consolidated financial statements, and improve aggregation and disaggregation, the application of HKFRS 18 and amendments to other standards, is expected to affect the presentation of the consolidated statement of profit or loss and other comprehensive income and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

Other than the above, the directors of the Company anticipate that the application of the other amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are operation of fast food restaurants and property investments. Revenue represents the sales value of food and beverages sold to customers and rental income and excludes value added tax or other sales taxes and is after deduction of any trade discounts. An analysis of revenue is as follows:

	2025	2024
	HK$'000	*HK$'000*
Sale of food and beverages at a point in time	**3,093,665**	3,135,401
Property rental	**6,405**	1,546
	3,100,070	3,136,947

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

(b) Segment reporting

The Group manages its businesses by two divisions, namely Hong Kong restaurants and Mainland China restaurants, which are organised by geographical location. 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 restaurants: this segment operates restaurants in Hong Kong.

– Mainland China restaurants: this segment operates restaurants in Mainland China.

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 most 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 expenses incurred by those segments or which otherwise arise from the depreciation 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 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 charged on other property, plant and equipment and right-of-use assets). 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 to 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 2025 and 2024 is set out below.

	Hong Kong restaurants		Mainland China restaurants		Other segments		Total	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**2,932,682**	2,951,897	**160,983**	183,504	**6,405**	1,546	**3,100,070**	3,136,947
Inter-segment revenue	**–**	–	**–**	–	**348**	348	**348**	348
Reportable segment revenue	**2,932,682**	2,951,897	**160,983**	183,504	**6,753**	1,894	**3,100,418**	3,137,295
Reportable segment profit/(loss)	**81,188**	98,784	**(14,621)**	(6,554)	**9,614**	6,549	**76,181**	98,779
Interest income	**24,242**	28,086	**13**	25	**2**	2	**24,257**	28,113
Interest expenses	**(30,887)**	(30,748)	**(2,790)**	(2,618)	**–**	–	**(33,677)**	(33,366)
Depreciation	**(496,385)**	(475,879)	**(25,662)**	(23,655)	**(919)**	(919)	**(522,966)**	(500,453)
Impairment losses on other property, plant and equipment	**(9,401)**	(7,680)	**(1,592)**	(3,445)	**–**	–	**(10,993)**	(11,125)
Impairment losses on right-of-use assets	**(19,555)**	(13,913)	**(5,834)**	(7,596)	**–**	–	**(25,389)**	(21,509)

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

	2025	2024
	HK$'000	*HK$'000*
Profit		
Reportable segment profit before taxation	**76,181**	98,779
Valuation losses on investment properties	**(1,150)**	(1,020)
Impairment losses on other property, plant and equipment	**(10,993)**	(11,125)
Impairment losses on right-of-use assets	**(25,389)**	(21,509)
Consolidated profit before taxation	**38,649**	65,125

(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 investment properties, other property, plant and equipment, interests in leasehold land held for own use under operating leases, right-of-use 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 assets in the case of investment properties, other property, plant and equipment, interests in leasehold land held for own use under operating leases and right-of-use 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**	
	2025	2024	**2025**	2024
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**2,935,405**	2,953,910	**1,238,761**	1,270,333
Mainland China	**164,665**	183,037	**97,408**	120,075
	3,100,070	3,136,947	**1,336,169**	1,390,408

(iv) ***Major customer***

There is no customer which contributed over 10% of the total revenue of the Group for both years.

4 OTHER REVENUE AND OTHER NET GAIN

	2025	2024
	HK$'000	*HK$'000*
Other revenue		
Interest income	**24,257**	28,113
Government grants	**430**	1,416
	24,687	29,529
Other net gain		
Net loss on disposal of other property, plant and equipment	**(6,231)**	(7,704)
Net foreign exchange loss	**(352)**	(1,021)
Electric and gas range incentives	**5,409**	5,093
Profit on sale of redemption gifts	**4,242**	1,035
Gain on lease modifications	**24,546**	10,290
Others	**5,899**	5,183
	33,513	12,876
	58,200	42,405

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	2025	2024
	HK$'000	*HK$'000*
(a) Finance costs		
Interest expense on lease liabilities	**33,421**	33,312
Interest expense on bank borrowings	**256**	54
	33,677	33,366
(b) Other items		
Cost of inventories *(note)*	**750,144**	772,510
Depreciation charge		
– Other property, plant and equipment	**103,429**	93,733
– Right-of-use assets	**419,537**	406,720
Auditor's remuneration		
– Audit services	**1,679**	1,630
– Tax and other services	**325**	365
Expense relating to short-term leases	**22,919**	18,971
Variable lease payments not included in the measurement of lease liabilities	**4,906**	5,733
Building management fee and air conditioning	**88,919**	86,562
Electricity, water and gas	**187,540**	180,770
Logistic expense	**63,370**	72,011
Repair and maintenance	**46,508**	46,272
Sanitation	**47,629**	49,569
Cost of subsequent replacement of cutlery and utensils	**9,171**	10,804
Directors' fee	**1,250**	1,249
Salaries, wages and other benefits	**1,043,995**	1,047,731
Contributions to defined contribution retirement plan	**50,509**	50,471
Equity-settled share-based payment expenses	**1,662**	2,246
Other expenses	**161,240**	164,330
	3,004,732	3,011,677
Representing:		
Cost of sales	**2,862,864**	2,866,353
Administrative expenses	**141,868**	145,324
	3,004,732	3,011,677

Note: The cost of inventories represents food and packaging costs.

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2025	2024
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the year	**7,914**	11,104
Over-provision in respect of prior years	**(903)**	(44)
Deferred tax		
Origination and reversal of temporary differences	**(3,902)**	3,408
	3,109	14,468

The provision for Hong Kong Profits Tax for 2024/2025 is calculated at 16.5% (2023/2024: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rate regime.

For this subsidiary, the first HK$2.0 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2023/2024.

The Group's Mainland China operations do not have assessable profit for 2025 and 2024. Therefore, no provision has been made for People's Republic of China (the "PRC") Enterprise Income Tax for both years.

7 DIVIDENDS

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

	2025	2024
	HK$'000	*HK$'000*
Interim dividend declared and paid of HK5.0 cents (2024: HK11.0 cents) per share	**6,478**	14,251
Final dividend proposed after the end of the reporting period of HK17.0 cents (2024: HK30.0 cents) per share	**22,024**	38,866
	28,502	53,117

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

	2025	2024
	HK\$'000	*HK\$'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HK30.0 cents (2024: HK40.0 cents) per share	**38,866**	51,821
Special final dividend in respect of the previous financial year, approved and paid during the year, of nil cents (2024: HK5.0 cents) per share	**–**	6,477
	38,866	58,298

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$35,540,000 (2024: HK$50,657,000) and the weighted average number of ordinary shares of 129,553,000 shares (2024: 129,553,000 shares) in issue during the year.

(b) Diluted earnings per share

The computation of diluted earnings per share did not assume the exercise of the Company's outstanding share options as the exercise prices of the share options were higher than the average market price of the Company's shares during the period when the share options were outstanding for both years ended 31 March 2025 and 2024.

9 TRADE AND OTHER RECEIVABLES

As of the end of the reporting period, the ageing analysis of trade debtors (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

	2025	2024
	HK$'000	*HK$'000*
1 to 30 days	**8,588**	20,130
31 to 90 days	**220**	302
91 to 180 days	**190**	25
181 to 365 days	**27**	3
	9,025	20,460

The Group's sales to customers are mainly on a cash and e-payment 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

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:

	2025	2024
	HK$'000	*HK$'000*
1 to 30 days	**114,774**	128,020
31 to 90 days	**4,048**	421
91 to 180 days	**2,480**	154
181 to 365 days	**68**	32
Over one year	**289**	190
	121,659	128,817

11 PROVISIONS

	2025	2024
	HK$'000	*HK$'000*
Provision for reinstatement costs for rented premises	**71,346**	73,237
Less: Amount included under "current liabilities"	**(31,122)**	(26,601)
Amount included under "non-current liabilities"	**40,224**	46,636

12 LONG SERVICE PAYMENT OBLIGATION

	2025	2024
	HK$'000	*HK$'000*
Long service payment obligation	**33,827**	28,850
Less: Amount included under "current liabilities"	**(920)**	(608)
Amount included under "non-current liabilities"	**32,907**	28,242

MANAGEMENT DISCUSSION AND ANALYSIS

Overall performance

Revenue of the Group for the year ended 31 March 2025 decreased by 1.2% year-on-year, to HK$3,100.1 million (2024: HK$3,136.9 million). Profit attributable to equity shareholders amounted to HK$35.5 million (2024: HK$50.7 million). Excluding government grants received, profit attributable to equity shareholders was HK$35.1 million, fall of 28.8% against last year's HK$49.3 million. Operating profit for the year was HK$72.3 million, as against HK$98.5 million in 2024, while the gross profit margin decreased to 7.7% (2024: 8.6%). Basic earnings per share were HK27.43 cents, as against HK39.10 cents in 2024.

Business review

Operating environment

The Group has been impacted by several macro factors over the past year that have had a major effect on spending and consumption habits. One is the "outbound spending" trend among local residents, whereby many Hong Kong consumers head out of Hong Kong on shopping and dining excursions. This has become an all-year feature, with statistics showing a 25% increase in outbound travel by Hong Kong residents during the financial year compared with the previous year.

Alongside this trend, general consumer confidence remains low due to continuing weakness in both the Hong Kong and Mainland economies, reflected in an underperforming stock market, job uncertainties, and a struggling housing market. This in turn has reined in spending across the board, leading to intensified price competition within the F&B industry. To address these developments, many restaurants have had to increase their range of value products and product discounts to maintain a competitive edge, exerting pressure on profit margins.

All these macro challenges have been addressed head-on by Fairwood over the past year, through wide-ranging initiatives designed to attract, engage and retain customers as well as lower costs. At the heart of these were compelling food offerings, with Fairwood rolling out a stream of attractive product innovations and new dishes during the year, accompanied by regular special offers and Limited Time Offers. Various add-on meal options were introduced to give customers a wider range of meal choices and increase average checks. There were further enhancements to Fairwood's takeaway range, while new retail products were made available in store, in moves to encourage more spending.

Running parallel to these have been some powerful engagement initiatives designed to keep Fairwood prominent in the public mind, enhance its market penetration, and reinforce the Group's reputation as a socially responsible and caring company. The Fairwood app has been further enhanced and upgraded, leading to greater engagement with customers and increased loyalty, a particularly important outcome in the face of the outgoing spending trend. Larger-scale outreach efforts were also directed at specific groups. Perhaps the most significant was an innovative series of "soft meals" for the elderly and those with swallowing issues, which represented a major first in Hong Kong's fast-food market. This initiative sent out a powerful message that Fairwood's proposition goes far beyond simply good, value-for-money food. Another breakthrough in the year were impactful marketing outreach initiatives that connected with the younger generation, a group that holds enormous potential.

Behind the scenes, the Group has continued to find ways to lower operating costs. Fairwood has been taking full advantage of weak Hong Kong commercial rents. In addition, initiatives to lower food costs, reduce staff pressures and improve process efficiency have all been introduced in the year, helping offset profit margin pressures arising from macro factors.

Products

Product innovations are an important way of driving sales by reinforcing customer loyalty, maintaining interest and engagement, and attracting new customers. Fairwood continued to roll out popular Limited Time Offers that included a Japanese series, Vietnamese and Malaysian Delicacies. Alongside these, it developed a number of exciting new dinner products for this high-potential daypart, such as Classic Claypot Rice and Double-Boiled Soup. Meanwhile, to attract diners for whom budget considerations are important, Fairwood launched more new Value Offers across its full range of meal dayparts, including sharply priced breakfast options, a Lunch Mix & Match Combo, a Tea Super Value Set and a Dinner Value Combo for Two.

The successful takeaway segment also continued to be a focus for growth. Fairwood's extremely popular takeaway whole chicken was supplemented by other takeaway options, including Roasted Butterflied Spring Chicken and Portuguese Egg Tarts. The Group also enriched the range of product offers for its seasonal takeaway options, such as Mid-Autumn Poon Choi, Chinese New Year Poon Choi, and CNY Takeaway Delicacies.

Fairwood has been expanding its Add-on strategy, providing even more optional extras for core dishes to encourage diners to spend a few dollars more for their meals. Additionally, it has introduced more bakery products across its dayparts. This year, Fairwood has also begun to offer dedicated retail sales of some food items in its stores, generating an additional revenue stream. One of these, White Lotus Seed Paste Mooncakes, proved to be a particularly successful product, selling out soon after launch.

Alongside these and other initiatives, Fairwood has paid a lot of attention to smart and creative marketing to reinforce the attractiveness of its dishes to certain demographics. For example, to promote its special range of Hong Kong style claypot rice, it ran a bold media campaign under the theme "God of Claypots". Blending authentic Hong Kong heritage with local pop culture and humour and utilising 360-degree marketing strategies, the campaign helped rejuvenate the brand image. Its popularity can be gauged not simply by sales, but also by strong social media engagement, with coverage worth around HK$1.5 million.

Digitalisation

The Fairwood digital app has remained a significant promotional and customer loyalty tool for the Group for both recruitment and engagement. Its value has become even more conspicuous in the face of the outward spending trend, when building customer loyalty is particularly important.

Membership via the app has continued to grow in leaps and bounds; at year-end, total membership stood at around 1.02 million, up from 790,000 last year, a growth rate of over 25%. Increasingly, customers have seen the significant benefits of having the app, which include receiving details of major one-off promotions such as the June Super Value promotion, the August Olympics Celebration promotion, and the February Chinese New Year Red Packet promotion. At the same time, the app delivers regular special offers and coupon discount to users. Some of the most popular in the year included the special GYM personalised welcome offer, regular month-end promotions, and a series of flash weekend offers.

Giving back to the community

The Group has continued its practical commitment to serving local communities. This year saw the launch of a major social initiative benefiting the elderly, particularly those with eating and swallowing issues: Fairwood's Ah Wood Soft Meals. These scientifically developed, nutritionally well-balanced meals began to be rolled out from 1 October 2024, designed to meet the special needs of the up to 38% of elderly people in Hong Kong with eating and swallowing difficulties. This initiative has positioned Fairwood as the first fast food restaurant chain in Hong Kong to offer soft meals to the community, cementing its status as a community-focused organisation.

Apart from the roll-out of a diverse range of tasty soft meals, the Group also set up special swallowing assessment stations in different branch locations, where specialists host soft food tastings and advise customers on the best options for their needs. Also in March 2025, Fairwood participated in the Fairwood X Link Together with Love Kick-off Ceremony at Link's Kai Tin Shopping Centre in Lam Tin, where besides promoting its soft meals it also announced a joint initiative with Link to donate 2,000 Ah Wood Soft Meals to 16 beneficiary organisations through the CAREREPS Platform.

Other important initiatives for elderly customers continued throughout the year. The member numbers for the Fairwood Care for Seniors Card, which offers all sorts of special offers and discounts for the elderly, continued to rise, reaching over 550,000 by year-end. The longstanding Fairwood Care for Community Programme hosted various events under its Heartwarming Food Donation Programme, as well as Joyous Meals with Seniors. From January 2025, Fairwood also took part in the Caring Food Coupon Programme, under which it provided special discount meal coupons to around 50,000 elderly people at 214 subvented elderly centres around Hong Kong.

Tackling challenges

Food cost controls have remained a priority, and its efforts in the year saw the Group's overall food costs fall year-on-year. One initiative that contributed to this good result was the introduction of new vendors for raw materials, a move that boosted competition among the Group's vendors and led to lower raw materials prices and higher quality of products. To do this, Fairwood located new supply sources and vendors, and continued to increase its levels of direct imports, cutting out middle-man charges. Fairwood's scale as one of the biggest fast food restaurant chains in Hong Kong brings it extra competitive advantages in this respect.

As mentioned above, rental costs have continued to provide the Group with opportunities for cost savings, as leasing costs in Hong Kong have continued to fall. Fairwood has been actively seeking out promising sites at highly competitive rental rates across Hong Kong, to drive its store-opening programme for the future.

Staff costs have continued to provide challenges for the retail and F&B industries. Labour rates have been on a rising trend for some years, and Fairwood's commitment to quality and service has meant it will not diminish the customer experience in any way. Hence, the Group has continued to explore various other initiatives to manage staff costs, such as by encouraging the use of 'mobile order and pay' and digital kiosks in its stores, which together are reducing demand on frontline counter staff, while also automating various internal processes, such as product restocking, to free up management time. Other initiatives have been undertaken to improve repair and maintenances protocols and procedures across its stores, and to enhance logistics arrangements across the value chain. Incrementally then, at a number of levels, the Group has been actively offsetting the impact of rising operating costs.

Environmental sustainability

Fairwood continued its efforts to make its operations even more environmentally responsible in the year, primarily by enhancing its in-store energy efficiency, reducing emissions, and promoting anti-waste initiatives. New in-store kitchen equipment installed included environmentally friendly high efficiency steam cabinets, low noise wok ranges with an automatic pilot ignition function, and ultrasonic defrost machines. On top of these, a Smart Kitchen System helped individual kitchens monitor their electricity, water and gas usage and make improvements.

Fairwood's re-use initiatives continued to flourish. Its initiative for repurposing coffee grounds and lemon rinds continued successfully at 130 stores, estimated to have eliminated 280 tonnes of food waste in 2024/25. Meanwhile its Sugar Packets Programme, launched in January 2024 to avoid unused sugar packets being discarded, now covers all Fairwood stores.

Network

At 31 March 2025 the Group was operating with 176 stores, 157 in Hong Kong and 19 in Mainland China. In Hong Kong, it had a year-end total of 147 Fairwood fast food restaurant outlets, after 3 new stores were opened and 5 underperforming stores closed during the year. Same Store Sales Growth (SSSG) for the year was down by 3.0%.

Fairwood also operates a small stable of 10 specialty restaurants in Hong Kong, up from 9 last year. These are comprised of 3 ASAP, 3 Taiwan Bowl, 3 The Leaf Kitchen, and 1 Ombra, a new Italian restaurant that opened in the year. SSSG for these specialty restaurants was positive, up by 5.8% from the previous year.

In the Mainland, Fairwood was operating a total of 19 fast food stores at year-end, after 2 new stores were opened and 7 underperforming stores closed in the year. The SSSG was down by 11.1%, reflecting very muted consumer spending in the Greater Bay Area (GBA) and a rise in local competition.

Prospects

Studies suggest that the outbound spending trend described earlier represents a long-term structural change that will become the “new normal” for Hong Kong. Hong Kong businesses, including Fairwood, will need to adapt to the increasing integration of Hong Kong in the GBA, given the ease of access from the city and the greater spending power in the GBA.

In the light of this macro situation, Fairwood is implementing a four-pronged strategy to maintain and grow its sales, adapt to structural changes, and retain its industry-leading reputation. To begin with, it plans to take advantage of low rental opportunities coming onto the market to open more Fairwood restaurants, expanding its Hong Kong coverage. It will continue to close underperforming stores, but expansion plans in the pipeline mean that net growth in store numbers is expected over the coming year.

In terms of adapting to new consumer behaviours, the Group believes that a single macro strategy is not the answer: instead, it will implement a series of more targeted micro strategies focused on improvements to individual stores, to specific dayparts, and to increasing its market segmentation. Product innovation will continue, accompanied by menu reengineering to expand the trade-up and add-on options that are driving increases in the average check. There will also be a continuing focus on rewarding customer loyalty through the Fairwood app.

A further strategy focus will be on quality, and specifically on tightening the Group’s quality checks and systems. Plans are afoot to introduce a more rigorous store audit and feedback system, launch a digitalised quality assurance system, and conduct more frequent supplier audits for enhanced quality. In all these ways, Fairwood plans to further raise its reputation for product quality in the fast food sector. Alongside this, Fairwood’s cost management initiatives will continue to enhance its operational efficiency.

In the Mainland, the Group plans to continue with its store expansion plans despite the muted economy. A focus will be on ensuring low rent-to-sales ratios for its new stores. At this point, Fairwood is also ready to begin exploring opportunities in a wider range of GBA cities.

Results overview

Revenue

For the year ended 31 March 2025, the Group recorded revenue of HK$3,100.1 million, a 1.2% decrease as compared to HK$3,136.9 million in last year due to outbound spending trends, weakened economy and intensified price competition.

An analysis of revenue is as follows:

	2025	2024
	HK$'m	*HK$'m*
Sale of food and beverages at a point in time	**3,093.7**	3,135.4
Property rental	**6.4**	1.5
	3,100.1	3,136.9

Gross profit margin

Gross profit margin decreased to 7.7% during the year (2024: 8.6%), primarily due to (i) decrease in sales; (ii) increase in depreciation of other property, plant and equipment and right-of-use assets as a result of renovation caused by substantial lease renewal; (iii) increase in utilities; and (iv) increase in labor cost.

Administrative expenses

Administrative expenses decreased by 2.3% to HK$141.9 million (2024: HK$145.3 million). The decrease was mainly contributed by the decrease in staff cost due to effective cost control.

Key costs

The breakdown of major expenses is set out below:

	2025		2024	
	HK$'m	***% of revenue***	*HK$'m*	*% of revenue*
Food and packaging costs	**750.1**	**24.2**	772.5	24.6
Staff cost	**1,096.2**	**35.4**	1,100.4	35.1
Rental costs*	**456.2**	**14.7**	454.4	14.5

* Includes rental related depreciation on right-of-use assets, finance cost of lease liabilities, rental costs of short-term lease, as well as variable lease payments and gain on lease modifications

Other revenue and other net gain

Other revenue and other net gain increased by HK$15.8 million, mainly due to increase in gain on lease modifications.

Income tax

Income tax expense decreased by 78.6% to HK$3.1 million (2024: HK$14.5 million).

Profit attributable to equity shareholders

Excluding government grants received, profit attributable to equity shareholders amounted to HK$35.1 million, fall of 28.8% against last year's HK$49.3 million, primarily due to decrease in sales, which was offset by targeted cost control measures.

Segment results

Hong Kong restaurants segment profits decreased 17.8% to HK$81.2 million (2024: HK$98.8 million), Mainland China restaurants segment loss increased 121.2% to HK$14.6 million (2024: HK$6.6 million) and other segments profits increased 47.7% to HK$9.6 million (2024: HK$6.5 million) during the year.

Basic earnings per share

The Group's basic earnings per share decreased 29.8% to HK27.43 cents for the year ended 31 March 2025 (2024: HK39.10 cents).

Financial review

Liquidity and financial resources

At 31 March 2025, total assets of the Group were HK$2,105.3 million (2024: HK$2,247.8 million). The Group's net current liabilities were HK$109.5 million (2024: HK$61.9 million), represented by total current assets of HK$703.2 million (2024: HK$796.4 million) against total current liabilities of HK$812.7 million (2024: HK$858.3 million). Current ratio, being the proportion of total current assets against total current liabilities, was 0.9 (2024: 0.9). Total equity was HK$652.0 million (2024: HK$660.4 million).

The Group finances its business with internally generated cash flows, short-term borrowings and available banking facilities. At 31 March 2025, the Group had bank deposits and cash and cash equivalents amounting to HK$545.7 million (2024: HK$641.0 million), representing a drop of 14.9% due to purchase of a property and shop renovations. Most bank deposits and cash and cash equivalents were denominated in Hong Kong dollars, United States dollars and Renminbi.

The group had bank borrowings of HK$5.4 million (2024: nil) for PRC business expansion. The gearing ratio was 0.8%, being the proportion of bank borrowings to total equity (2024: nil). The unutilised banking facilities were HK$206.1 million (2024: HK$231.3 million).

Depreciation

The Group's depreciation of other property, plant and equipment increased by HK$9.7 million from HK$93.7 million to HK$103.4 million due to more renovation shops and a newly acquired property during the year.

The depreciation charge of right-of-use assets, which were amortised on a straight-line basis over the lease term in accordance with HKFRS 16, increased by HK$12.8 million from HK$406.7 million to HK$419.5 million. The increase was primarily due to the addition of new shops and lease modification of the existing shops during the year.

Finance costs

During the year, the Group recorded the finance costs of HK$33.7 million (2024: HK$33.4 million). The finance costs mainly represented the interest expenses on lease liabilities and bank borrowings.

Profitability

Return on average equity was 5.4% (2024: 7.6%), being profit attributable to equity shareholders of the Company against the average total equity at the beginning and the end of the year.

Capital expenditure

During the year, capital expenditure was approximately HK$157.7 million (2024: HK$131.5 million). The increase was mainly due to a newly acquired property and more renovation works for the existing shops compared to last year.

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 banks and other financial assets 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 Hong Kong dollar is pegged to United States 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 and the related foreign exchange risk has not been hedged.

Charges on the Group's assets

At 31 March 2025, the net book value of properties pledged as security for banking facilities granted to certain subsidiaries of the Group amounted to HK$0.6 million (2024: HK$0.7 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 2025 were HK$53.4 million (2024: HK$24.3 million).

Contingent liabilities

At 31 March 2025, guarantees are given to banks by the Company in respect of 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 these guarantee arrangements. The maximum liability of the Company at the end of the reporting period under these guarantees is the amount of the facilities drawn down by all the subsidiaries that are covered by these guarantees, being HK$115.9 million (2024: HK$87.7 million).

The Company has not recognised any deferred income in respect of these guarantees as their fair value cannot be reliably measured and there is no transaction price.

Employee information

At 31 March 2025, the total number of employees of the Group was approximately 5,500 (2024: 5,700). Staff costs for the year were approximately HK$1,096.2 million (2024: HK$1,100.4 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 employees. Also, the Group has committed to provide related training programme (such as on-the-job training, in-house seminar and training sponsorship) to improve the quality, competence and skills of all staff.

DIVIDENDS

The Board recommends to pay a final dividend of HK17.0 cents (2024: HK30.0 cents) per share for the year ended 31 March 2025. Together with the interim dividend of HK5.0 cents (2024: HK11.0 cents) per share paid during the year, the total dividend for the year ended 31 March 2025 amounts to HK22.0 cents (2024: HK41.0 cents) per share, representing a total distribution of approximately 80.2% of the Group's profit for the year. The proposed final dividend will be paid on or before Thursday, 2 October 2025 to shareholders whose names appear on the Register of Members of the Company at the close of business on Tuesday, 16 September 2025.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Tuesday, 2 September 2025 to Friday, 5 September 2025 (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 Registrar, Computershare Hong Kong Investor Services Limited at Room 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Monday, 1 September 2025 for registration. The record date for determining the eligibility of shareholders to attend and vote at the forthcoming annual general meeting of the Company is Friday, 5 September 2025.

The Register of Members of the Company will also be closed from Friday, 12 September 2025 to Tuesday, 16 September 2025 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for final dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar, Computershare Hong Kong Investor Services Limited at Room 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Thursday, 11 September 2025 for registration. The record date for determining shareholders' entitlement to the proposed final dividend is Tuesday, 16 September 2025.

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

Throughout the year ended 31 March 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company has complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix C1 of the Listing Rules throughout the year ended 31 March 2025, 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. Further information will be provided in the "Corporate Governance Report" of the 2024/2025 Annual Report.

AUDIT COMMITTEE

The audit committee comprises 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 auditor the annual results for the year ended 31 March 2025 and discussed internal control and risk management system of the Company with the management.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2025 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board on 30 June 2025. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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 C3 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 2025.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the respective websites of the Company (www.fairwoodholdings.com.hk) and the Stock Exchange (www.hkexnews.hk). The 2024/2025 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

On a personal note, this is the last time my name will appear on the Annual Report as Fairwood's Executive Chairman. From 1 April 2025, I step into the role of Non-executive Director, while remaining Chairman of the Board. From the same date, Fairwood's former CEO Mr Francis Lo was appointed Vice Chairman of the Board, while the vacant CEO position has been filled by our former Chief Revenue Officer, Ms Peggy Lee, who has over 14 years of experience at Fairwood, working in close conjunction with the operations team. Both of these management leaders are Executive Directors of the Group. These changes, accompanied by a general strengthening of the management team in the face of the challenging conditions of the present, have further enhanced the professionalism of our operations; I am fully confident that the Group is in excellent hands going forward, and its performance will continue to strengthen.

I would like to thank the Board of Directors for their support over the year, and the management team for their exceptional efforts in a challenging environment. Thanks are also due to our loyal suppliers and business partners, and to our dedicated Fairwood team, for helping us to maintain the highest standards of quality and service. Thank you also to our loyal customers, who continue to support us by making Fairwood restaurants their preferred fast food choice. Finally, my appreciation goes out to Fairwood loyal shareholders, for their steady belief in and support of this company.

Through the efforts of all these vital stakeholders, Fairwood will continue to adapt to the long-term structural changes in the economy of Hong Kong and in its connections with the GBA in the year ahead, and maintain its dynamic part in the city's restaurant culture. Besides strengthening Fairwood's reputation as offering an authentic, high quality, value-for-money fast food experience for all levels of Hong Kong society, the Group will continue working hard to achieve stable, satisfactory returns for its loyal shareholders.

By Order of the Board
Fairwood Holdings Limited
Dennis Lo Hoi Yeung
Chairman

Hong Kong, 30 June 2025

As at the date of this announcement, the Directors of the Company are:

Non-executive Director: Mr Dennis Lo Hoi Yeung (Chairman);
Executive Directors: Mr Lo Fai Shing Francis (Vice Chairman) and Ms Peggy Lee (Chief Executive Officer); and
Independent Non-executive Directors: Mr Joseph Chan Kai Nin, Dr Peter Lau Kwok Kuen, Dr Peter Wan Kam To and Mr Yip Cheuk Tak.