大快活
Fairwood

FAIRWOOD HOLDINGS LIMITED
(Incorporated in Bermuda with Limited Liability)
(Stock Code: 52)

2024·2025
INTERIM REPORT

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dennis Lo Hoi Yeung *(Executive Chairman)*
Lo Fai Shing Francis *(Chief Executive Officer)*
Peggy Lee

Independent Non-executive Directors

Joseph Chan Kai Nin
Peter Lau Kwok Kuen
Peter Wan Kam To
Yip Cheuk Tak

AUDIT COMMITTEE

Peter Wan Kam To *(Chairman)*
Joseph Chan Kai Nin
Peter Lau Kwok Kuen

REMUNERATION COMMITTEE

Joseph Chan Kai Nin *(Chairman)*
Peter Lau Kwok Kuen
Yip Cheuk Tak

NOMINATION COMMITTEE

Dennis Lo Hoi Yeung *(Chairman)*
Peter Wan Kam To
Yip Cheuk Tak

COMPANY SECRETARY

Chan Kang Tung

AUDITOR

Deloitte Touche Tohmatsu
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance

SOLICITOR

Johnson Stokes & Master

PUBLIC RELATIONS CONSULTANT

Strategic Financial Relations Limited
24/F, Admiralty Centre 1
18 Harcourt Road, Hong Kong

PRINCIPAL BANKERS

The Bank of East Asia, Limited
China Construction Bank (Asia) Corporation Limited
Chong Hing Bank Limited
Dah Sing Bank, Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
MUFG Bank, Ltd.
OCBC Bank (Hong Kong) Limited
Standard Chartered Bank (Hong Kong) Limited
United Overseas Bank Limited

REGISTERED OFFICE

Victoria Place, 5th Floor, 31 Victoria Street
Hamilton HM10, Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

2/F, TRP Commercial Centre
18 Tanner Road, North Point, Hong Kong

PRINCIPAL REGISTRAR AND TRANSFER OFFICE

Ocorian Management (Bermuda) Limited
Victoria Place, 5th Floor, 31 Victoria Street
Hamilton HM10, Bermuda

HONG KONG BRANCH REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Rooms 1712-1716, 17/F, Hopewell Centre
183 Queen’s Road East, Hong Kong

WEBSITE

www.fairwoodholdings.com.hk

STOCK CODE

52

Interim Results

The Board of Directors (the "Board") of Fairwood Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 September 2024 together with the comparative figures for the six months ended 30 September 2023. The results have been reviewed by the Company's auditor, Deloitte Touche Tohmatsu, and the Company's audit committee.

Condensed Consolidated Statement of Profit or Loss

for the six months ended 30 September 2024

(Expressed in Hong Kong dollars)

	Notes	**Six months ended 30 September 2024 *\$'000* (unaudited)**	2023 *\$'000* (unaudited)
Revenue	*4*	**1,553,451**	1,558,003
Cost of sales		**(1,436,946)**	(1,411,495)
Gross profit		**116,505**	146,508
Other revenue and other net gain	*5*	**33,579**	18,284
Selling expenses		**(22,118)**	(18,934)
Administrative expenses		**(79,806)**	(74,376)
Valuation gains (losses) on investment properties	*10(a)*	**1,270**	(1,030)
Impairment losses on other property, plant and equipment	*10(b)*	**(4,835)**	(4,679)
Impairment losses on right-of-use assets	*11*	**(10,083)**	(6,312)
Profit from operations		**34,512**	59,461
Finance costs	*6(a)*	**(16,738)**	(16,052)
Profit before taxation	*6*	**17,774**	43,409
Income tax expense	*7*	**(2,253)**	(7,092)
Profit for the period attributable to equity shareholders of the Company		**15,521**	36,317
Earnings per share			
Basic	*9(a)*	**11.98 cents**	28.03 cents
Diluted	*9(b)*	**11.98 cents**	28.03 cents

The notes on pages 10 to 26 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 8.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the six months ended 30 September 2024

(Expressed in Hong Kong dollars)

	Six months ended 30 September	
	2024	2023
	$'000	*$'000*
	(unaudited)	(unaudited)
Profit for the period attributable to equity shareholders of the Company	**15,521**	36,317
Other comprehensive expense for the period (after tax):		
Item that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of subsidiaries in Mainland China	**(591)**	(990)
Total comprehensive income for the period attributable to equity shareholders of the Company	**14,930**	35,327

The notes on pages 10 to 26 form part of this interim financial report.

Condensed Consolidated Statement of Financial Position

at 30 September 2024

(Expressed in Hong Kong dollars)

	Notes	**At 30 September 2024** **\$'000** **(unaudited)**	At 31 March 2024 \$'000 (audited)
Non-current assets			
Investment properties	*10*	**23,510**	22,240
Other property, plant and equipment	*10*	**469,010**	396,593
Right-of-use assets	*11*	**917,649**	970,574
		1,410,169	1,389,407
Goodwill		**1,001**	1,001
Rental deposits paid		**67,301**	60,302
Deferred tax assets		**593**	703
		1,479,064	1,451,413
Current assets			
Inventories	*12*	**57,964**	52,651
Trade and other receivables	*13*	**117,318**	102,725
Current tax recoverable		**52**	39
Bank deposits and cash and cash equivalents	*14*	**595,792**	640,983
		771,126	796,398
Current liabilities			
Trade and other payables	*15*	**484,060**	433,920
Lease liabilities		**372,105**	389,911
Dividend payable		**39,952**	1,089
Current tax payable		**6,638**	6,214
Provisions	*17*	**24,241**	26,601
Long service payment obligation	*18*	**695**	608
		927,691	858,343

Condensed Consolidated Statement of Financial Position

at 30 September 2024 *(continued)*

(Expressed in Hong Kong dollars)

	Notes	At 30 September 2024 $'000 (unaudited)	At 31 March 2024 $'000 (audited)
Net current liabilities		**(156,565)**	(61,945)
Total assets less current liabilities		**1,322,499**	1,389,468
Non-current liabilities			
Lease liabilities		**604,944**	652,270
Deferred tax liabilities		**216**	117
Rental deposits received		**1,677**	1,798
Provisions	*17*	**48,023**	46,636
Long service payment obligation	*18*	**30,339**	28,242
		685,199	729,063
NET ASSETS		**637,300**	660,405
Capital and reserves			
Share capital		**129,553**	129,553
Reserves		**507,747**	530,852
TOTAL EQUITY		**637,300**	660,405

The notes on pages 10 to 26 form part of this interim financial report.

Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 September 2024

(Expressed in Hong Kong dollars)

		Attributable to equity shareholders of the Company						
	Notes	Share capital *$'000*	Share premium *$'000*	Capital reserve *$'000*	Exchange reserve *$'000*	Land and buildings revaluation reserve *$'000*	Retained profits *$'000*	Total *$'000*
At 1 April 2023 (audited)		129,553	55,183	6,158	1,637	527	487,571	680,629
Changes in equity for the six months ended 30 September 2023:								
Profit for the period		–	–	–	–	–	36,317	36,317
Other comprehensive expense for the period		–	–	–	(990)	–	–	(990)
Total comprehensive (expense) income for the period		–	–	–	(990)	–	36,317	35,327
Dividends approved in respect of the previous year	*8(b)*	–	–	–	–	–	(58,298)	(58,298)
Lapse and cancellation of share options		–	–	(220)	–	–	220	–
Equity-settled share-based transactions	*6, 16*	–	–	678	–	–	–	678
		–	–	458	(990)	–	(21,761)	(22,293)
At 30 September 2023 (unaudited)		129,553	55,183	6,616	647	527	465,810	658,336

Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 September 2024 *(continued)*

(Expressed in Hong Kong dollars)

		Attributable to equity shareholders of the Company						
	Notes	Share capital *$'000*	Share premium *$'000*	Capital reserve *$'000*	Exchange reserve *$'000*	Land and buildings revaluation reserve *$'000*	Retained profits *$'000*	Total *$'000*
At 1 April 2024 (audited)		**129,553**	**55,183**	**8,254**	**1,059**	**527**	**465,829**	**660,405**
Changes in equity for the six months ended 30 September 2024:								
Profit for the period		–	–	–	–	–	**15,521**	**15,521**
Other comprehensive expense for the period		–	–	–	**(591)**	–	–	**(591)**
Total comprehensive (expense) income for the period		–	–	–	**(591)**	–	**15,521**	**14,930**
Dividends approved in respect of the previous year	*8(b)*	–	–	–	–	–	**(38,866)**	**(38,866)**
Lapse and cancellation of share options		–	–	**(161)**	–	–	**161**	–
Equity-settled share-based transactions	*6, 16*	–	–	**831**	–	–	–	**831**
		–	–	**670**	–	–	**(38,705)**	**(38,035)**
At 30 September 2024 (unaudited)		**129,553**	**55,183**	**8,924**	**468**	**527**	**442,645**	**637,300**

The notes on pages 10 to 26 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

for the six months ended 30 September 2024

(Expressed in Hong Kong dollars)

	Note	Six months ended 30 September 2024 $'000 (unaudited)	2023 $'000 (unaudited)
Operating activities			
Cash generated from operations		**308,269**	313,793
Net tax paid		**(1,633)**	(2,071)
Net cash generated from operating activities		**306,636**	311,722
Investing activities			
Payment for purchase of other property, plant and equipment		**(115,812)**	(47,048)
Increase in bank deposits with more than three months to maturity		**(143,258)**	(143,476)
Net proceeds from disposal of other property, plant and equipment		**25**	722
Other cash flows arising from investing activities		**–**	1,201
Net cash used in investing activities		**(259,045)**	(188,601)
Financing activities			
New bank borrowings raised		**6,099**	–
Repayment of bank borrowings		**(6,099)**	–
Capital element of lease rentals paid		**(219,333)**	(210,090)
Finance costs paid		**(16,738)**	(16,052)
Net cash used in financing activities		**(236,071)**	(226,142)
Net decrease in cash and cash equivalents		**(188,480)**	(103,021)
Cash and cash equivalents at 1 April		**538,322**	586,758
Effect of foreign exchange rate changes		**31**	(587)
Cash and cash equivalents at 30 September	*14*	**349,873**	483,150

The notes on pages 10 to 26 form part of this interim financial report.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars)

1 Basis of preparation

This interim financial report has 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"). It was authorised for issue on 29 November 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of any changes in accounting policies are set out in note 2.

As at 30 September 2024, the Group's total current assets were $771,126,000 (31 March 2024: $796,398,000) and total current liabilities were $927,691,000 (31 March 2024: $858,343,000). As a result, the Group recorded net current liabilities of $156,565,000 (31 March 2024: $61,945,000) mainly due to lease liabilities of $372,105,000 (31 March 2024: $389,911,000) recognised under current liabilities.

Despite the net current liabilities as at 30 September 2024, the Group's bank deposits and cash and cash equivalents amounted to $595,792,000 (31 March 2024: $640,983,000) on the same day and the Group reported a profit before tax of $17,774,000 (2023: $43,409,000) and recorded net cash generated from operating activities of $306,636,000 (2023: $311,722,000) during the six months ended 30 September 2024. Furthermore, based on the cash flow projection prepared by management which covers a period of not less than twelve months from 30 September 2024, the directors of the Company (the "Director(s)") are of the opinion that anticipated cash flows generated from the Group's operations 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 30 September 2024. Accordingly, the interim financial report has been prepared on a going concern basis.

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 and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

1 Basis of preparation *(continued)*

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The financial information relating to the financial year ended 31 March 2024 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 March 2024 are available from the Company's head office and principal place of business.

2 Changes in accounting policies

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on 1 April 2024 for the preparation of the Group's condensed 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 Directors anticipate that the application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial position and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 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.

(a) *Segment results*

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.

For the six months ended 30 September

	Hong Kong restaurants		**Mainland China restaurants**		**Other segments**		**Total**	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Revenue from external customers	**1,459,438**	1,460,769	**90,803**	94,812	**3,210**	2,422	**1,553,451**	1,558,003
Inter-segment revenue	**–**	–	**–**	–	**174**	892	**174**	892
Reportable segment revenue	**1,459,438**	1,460,769	**90,803**	94,812	**3,384**	3,314	**1,553,625**	1,558,895
Reportable segment profit	**26,065**	50,515	**937**	477	**4,420**	4,438	**31,422**	55,430

Segment assets information is not reported to or used by the Group's most senior executive management.

3 **Segment reporting** *(continued)*

(b) *Reconciliations of reportable segment profit*

	Six months ended 30 September	
	2024	2023
	$'000	*$'000*
Profit		
Reportable segment profit before taxation	**31,422**	55,430
Valuation gains (losses) on investment properties	**1,270**	(1,030)
Impairment losses on other property, plant and equipment	**(4,835)**	(4,679)
Impairment losses on right-of-use assets	**(10,083)**	(6,312)
Consolidated profit before taxation	**17,774**	43,409

4 **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:

	Six months ended 30 September	
	2024	2023
	$'000	*$'000*
Sale of food and beverages at a point in time	**1,550,241**	1,555,581
Property rental	**3,210**	2,422
	1,553,451	1,558,003

5 Other revenue and other net gain

	Six months ended 30 September	
	2024	2023
	$'000	*$'000*
Other revenue		
Interest income	**13,241**	13,516
Government grants	**–**	1,029
	13,241	14,545
Other net gain		
Net loss on disposal of other property, plant and equipment	**(2,323)**	(4,786)
Net foreign exchange loss	**(581)**	(1,211)
Electric and gas range incentives	**2,773**	2,455
Profit on sale of redemption gifts	**1,810**	314
Gain on lease modifications	**15,571**	4,810
Others	**3,088**	2,157
	20,338	3,739
	33,579	18,284

6 Profit before taxation

Profit before taxation is arrived at after charging:

	Six months ended 30 September 2024 $'000	2023 $'000
(a) Finance costs		
Interest expense on lease liabilities	**16,647**	16,052
Interest expenses on bank borrowings	**91**	–
	16,738	16,052
(b) Other items		
Cost of inventories (note (i))	**371,201**	384,488
Depreciation charge		
– Other property, plant and equipment	**51,493**	46,534
– Right-of-use assets	**210,020**	197,452
Auditor's remuneration	**978**	2,040
Expenses relating to short-term leases	**13,897**	10,041
Variable lease payments not included in the measurement of lease liabilities	**2,128**	3,185
Building management fee and air conditioning	**44,658**	42,667
Electricity, water and gas	**95,138**	92,269
Logistics expenses	**31,517**	35,575
Repair and maintenance	**22,236**	22,710
Sanitation	**25,024**	24,416
Cost of subsequent replacement of cutlery and utensils	**4,407**	5,441
Staff costs	**563,227**	540,343
Equity-settled share-based payment expenses	**831**	678
Other expenses	**79,997**	78,032
	1,516,752	1,485,871
Representing:		
Cost of sales	**1,436,946**	1,411,495
Administrative expenses	**79,806**	74,376
	1,516,752	1,485,871

Note (i) : The cost of inventories represents food and beverage costs.

7 Income tax expense

	Six months ended 30 September	
	2024	2023
	$'000	*$'000*
Current tax – Hong Kong Profits Tax		
Provision for the period	**2,044**	7,884
Deferred tax		
Origination and reversal of temporary differences	**209**	(792)
	2,253	7,092

The provision for Hong Kong Profits Tax is calculated at 16.5% (2023: 16.5%) of the estimated assessable profits for the six months ended 30 September 2024, 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 $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.

No provision has been made for the People's Republic of China corporate income tax for the six months ended 30 September 2024 and 2023, as the Group's Mainland China operations sustained a loss for taxation purpose.

8 Dividends

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

	Six months ended 30 September	
	2024	2023
	$'000	*$'000*
Interim dividend declared and payable after the interim period of 5.0 cents (2023: 11.0 cents) per share	**6,478**	14,251

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	
	2024	2023
	$'000	*$'000*
Final dividend in respect of the previous financial year ended 31 March 2024, approved and payable during the following interim period, of HK30.0 cents (year ended 31 March 2023: 40.0 cents) per share	**38,866**	51,821
Special final dividend in respect of the previous financial year ended 31 March 2024, approved and payable during the following interim period, of nil (year ended 31 March 2023: 5.0 cents) per share	**–**	6,477
	38,866	58,298

9 Earnings per share

(a) *Basic earnings per share*

The calculation of basic earnings per share for the six months ended 30 September 2024 is based on the profit attributable to ordinary equity shareholders of the Company of $15,521,000 (2023: $36,317,000) and the weighted average number of ordinary shares of 129,553,000 shares (2023: 129,553,000 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 2024 is based on the profit attributable to ordinary equity shareholders of the Company of $15,521,000 (2023: $36,317,000) and the weighted average number of ordinary shares of 129,553,000 shares (2023: 129,553,000 shares) in issue during the period. The computation of diluted earnings per share does not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price for the period ended 30 September 2024 and 2023.

10 Investment properties and other property, plant and equipment

(a) All investment properties of the Group were revalued as at 30 September 2024 by the Group's independent valuer using the same valuation techniques as were used by this valuer when carrying out the 31 March 2024 valuations. As a result, gains of $1,270,000 (six months ended 30 September 2023: losses of $1,030,000) have been credited to the condensed consolidated statement of profit or loss.

(b) During the six months ended 30 September 2024, the Group's management identified certain individual restaurants, each as a cash-generating unit for impairment assessment purpose, which under-performed and estimated the recoverable amounts of the right-of-use assets and other property, plant and equipment of these restaurants. Based on these estimates, the carrying amount of the right-of-use assets and other property, plant and equipment was written down by $10,083,000 (six months ended 30 September 2023: $6,312,000) and $4,835,000 (six months ended 30 September 2023: $4,679,000) respectively during the period. The aggregate recoverable amounts of fourteen of these restaurants amounted to $41,958,000 based on their value in use (six months ended 30 September 2023: seven of these restaurants amounted to $7,970,000). Apart from the above, the recoverable amount of the remaining impaired right-of-use assets and other property, plant and equipment were minimal (six months ended 30 September 2023: the recoverable amount of the remaining impaired right-of-use assets and other property, plant and equipment were minimal). The estimates of recoverable amount were based on the value in use of these right-of-use assets and other property, plant and equipment, determined using a pre-tax discount rate of 15.5% (six months ended 30 September 2023: 15.0%).

10 Investment properties and other property, plant and equipment *(continued)*

(b) *(continued)*

As a result, impairment losses of right-of-use assets and other property, plant and equipment of $10,083,000 (six months ended 30 September 2023: $6,312,000) and $4,835,000 (six months ended 30 September 2023: $4,679,000) were recognised during the period.

(c) During the six months ended 30 September 2024, the Group acquired items of other property, plant and equipment with a cost of $130,969,000 (six months ended 30 September 2023: $50,649,000). Items of other property, plant and equipment with a net book value of $2,348,000 were disposed of during the six months ended 30 September 2024 (six months ended 30 September 2023: $5,508,000).

(d) At 30 September 2024, the net book value of properties pledged as security for banking facilities granted to certain subsidiaries of the Group amounted to $671,000 (31 March 2024: $721,000).

11 Right-of-use assets

During the six months ended 30 September 2024, the Group entered into a number of lease agreements for use of restaurants and signages, and therefore recognised the additions to the right-of-use assets of $35,212,000 (six months ended 30 September 2023: $82,990,000). The carrying amount of the right-of-use assets was written down by $10,083,000 (six months ended 30 September 2023: $6,312,000) during the period. The leases of restaurants contain variable lease payment terms that are based on revenue generated from the restaurants and minimum annual lease payment terms that are fixed. These payment terms are common in restaurants in Hong Kong where the Group operates.

Details of impairment losses on right-of-use assets are disclosed in note 10(b).

12 Inventories

(a) *Inventories in the consolidated statement of financial position comprise:*

	At 30 September 2024 $'000	At 31 March 2024 $'000
Food and beverages	**52,093**	46,504
Consumables, packaging materials and other sundry items	**5,871**	6,147
	57,964	52,651

(b) *The analysis of the amount of inventories recognised as an expense is as follows:*

	Six months ended 30 September 2024 $'000	2023 $'000
Carrying amount of inventories sold	**365,786**	384,405
Write-down of inventories	**5,415**	83
	371,201	384,488

13 Trade and other receivables

	At 30 September 2024 $'000	At 31 March 2024 $'000
Trade debtors, net of loss allowance	**9,384**	20,460
Other receivables	**20,175**	14,766
Rental and utility deposits paid	**54,632**	47,806
Prepayments	**33,127**	19,693
	117,318	102,725

13 Trade and other receivables *(continued)*

All debtors, deposits and prepayments of the Group, apart from certain utility deposits totalling \$5,888,000 (31 March 2024: \$5,906,000), are expected to be recovered or recognised as expenses within one year.

As at 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 follow:

	At 30 September 2024	At 31 March 2024
	\$'000	*\$'000*
1 to 30 days	**8,744**	20,130
31 to 90 days	**511**	302
91 to 180 days	**79**	25
181 to 365 days	**50**	3
	9,384	20,460

The Group's sales to customers are mainly on 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.

14 Bank deposits and cash and cash equivalents

	At 30 September 2024	At 31 March 2024
	\$'000	*\$'000*
Deposits with banks	**319,797**	487,512
Restricted cash	**445**	275
Cash at bank and on hand	**29,631**	50,535
Cash and cash equivalents in the condensed consolidated cash flow statement	**349,873**	538,322
Bank deposits over three months	**245,919**	102,661
	595,792	640,983

15 Trade and other payables

	At 30 September 2024	At 31 March 2024
	$'000	*$'000*
Creditors and accrued expenses	**456,905**	412,200
Contract liabilities	**7,936**	5,514
Other payables and deferred income	**19,017**	16,004
Rental deposits received	**202**	202
	484,060	433,920

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

	At 30 September 2024	At 31 March 2024
	$'000	*$'000*
1 to 30 days	**132,885**	128,020
31 to 90 days	**10,029**	421
91 to 180 days	**542**	154
181 to 365 days	**105**	32
Over one year	**220**	190
	143,781	128,817

16 Equity-settled share-based transactions

On 5 July 2023, the Board resolved the followings:

(a) To cancel 2,630,000 share options (the "Outstanding Share Options") which were granted to certain employees and Directors (collectively called the "Existing Holders'), subject to the respective consent of the Existing Holders. The Outstanding Share Options were the outstanding balance of 30,000 share options, 600,000 share options and 2,000,000 share options previously granted to the Existing Holders to subscribe for a total of 2,630,000 ordinary shares of the Company (the "Share") at the exercise price of \$26.420, \$17.900 and \$17.080 per Share respectively; and

(b) To grant 3,750,000 share options for \$1 consideration per holder to the Existing Holders and other employees of the Group to subscribe for a total of 3,750,000 Shares, which partly were served as replacement of the cancelled Outstanding Share Options. Each option gives the holder the right to subscribe for one Share. These share options will be exercisable in three tranches with validity period commencing from 5 July 2024 and ending on 4 July 2033. The exercise price of these new share options is \$11.456 per Share, being the average closing price of the Share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant.

No share options were granted during the six months ended 30 September 2024.

No share options were exercised during the six months ended 30 September 2024 and 2023.

The options outstanding at 30 September 2024 had a weighted average exercise price of \$11.456 (31 March 2024: \$11.456) and a weighted average remaining contractual life of 8.76 years (31 March 2024: 9.27 years). The number of the Shares that may be issued during the period represents 0.1% (31 March 2024: 0.6%) of the weighted average number of issued Shares.

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on Binomial Tree approach. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the Binomial Tree approach.

16 Equity-settled share-based transactions *(continued)*

	Options granted at 5 July 2023
Fair value of share options and assumptions	
Fair value at measurement date	$1.17
Share price	$11.30
Exercise price	$11.456
Expected volatility	20.70%
Option life	9.3 years
Expected dividend yield	4.90%
Risk-free interest rate	3.605%

17 Provisions

	At 30 September 2024	At 31 March 2024
	$'000	*$'000*
Provision for reinstatement costs for rented premises	**72,264**	73,237
Less: Amount included under "current liabilities"	**(24,241)**	(26,601)
Amount included under "non-current liabilities"	**48,023**	46,636

18 Long service payment obligation

	At 30 September 2024	At 31 March 2024
	$'000	*$'000*
Long service payment obligation	**31,034**	28,850
Less: Amount included under "current liabilities"	**(695)**	(608)
Amount included under "non-current liabilities"	**30,339**	28,242

19 Commitments

Capital commitments for acquisition of other property, plant and equipment outstanding at 30 September 2024 not provided for in the Group's interim financial report were as follows:

	At 30 September 2024	At 31 March 2024
	$'000	*$'000*
Contracted for	**24,630**	9,945
Authorised but not contracted for	**6,185**	14,352
	30,815	24,297

20 Contingent liabilities

At 30 September 2024, guarantees were 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 the guarantees is the amount of the facilities drawn down by all the subsidiaries that are covered by the guarantees, being $87,185,000 (31 March 2024: $87,702,000).

The Company has not recognised any deferred income in respect of these guarantees as the amount is insignificant.

21 Fair value measurement of financial instruments

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 September 2024 and 31 March 2024.

22 Material related party transactions

In addition to the transactions and balances disclosed elsewhere in this interim financial report, the Group entered into the following material related party transactions during the six months ended 30 September 2024:

(a) *Remuneration for key management personnel of the Group for the six months ended 30 September 2024 is as follows:*

	Six months ended 30 September	
	2024	2023
	$'000	*$'000*
Salaries and other short-term employee benefits	**7,196**	7,783
Contribution to defined contribution retirement plans	**18**	18
	7,214	7,801

(b) During the period, a subsidiary of the Company leased a property from New Champion International Limited ("New Champion"). New Champion is a company beneficially owned by Mr Dennis Lo Hoi Yeung, Mr Lo Fai Shing Francis and his family members. In addition, Mr Dennis Lo Hoi Yeung is a director of New Champion. The subsidiary has renewed the tenancy of the property for a term of three years with New Champion during the six months ended 30 September 2024. Depreciation of the right-of-use assets and interest expense on lease liabilities incurred during the six months ended 30 September 2024 amounted to $1,030,000 and $207,000 respectively (six months ended 30 September 2023: $1,062,000 and $119,000 respectively).

At 30 September 2024, the Group recognised right-of-use assets and lease liabilities of $11,375,000 and $11,492,000 respectively (31 March 2024: $6,426,000 and $6,897,000 respectively).

(c) During the period, a subsidiary of the Company leased a property from Hibony Limited ("Hibony"). Hibony is a company beneficially owned by Pengto International Limited (a company beneficially owned by Mr Dennis Lo Hoi Yeung). In addition, Mr Dennis Lo Hoi Yeung is a director of Hibony. The subsidiary has renewed the tenancy of the property for a term of three years with Hibony during the year ended 31 March 2024. Depreciation of the right-of-use assets and interest expense on lease liabilities incurred during the six months ended 30 September 2024 amounted to $923,000 and $100,000 respectively (six months ended 30 September 2023: $927,000 and $114,000 respectively).

At 30 September 2024, the Group recognised right-of-use assets and lease liabilities of $3,340,000 and $5,001,000 respectively (31 March 2024: $5,387,000 and $5,982,000 respectively).

Deloitte. 德勤

Report on Review of Condensed Consolidated Financial Statements to the Board of Directors of Fairwood Holdings Limited

(incorporated in Bermuda with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Fairwood Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 3 to 26, which comprise the condensed consolidated statement of financial position as of 30 September 2024 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review 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 Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Other Matter

The consolidated financial statements of the Group for the six months ended 30 September 2023 were reviewed by another auditor who expressed an unmodified conclusion on 29 November 2023.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong

29 November 2024

Management Discussion and Analysis

Overall performance

The Group's revenue for the six months ended 30 September 2024 decreased by 0.3% to HK$1,553.5 million (2023: HK$1,558.0 million). Gross profit margin decreased to 7.5% (2023: 9.4%). Profit for the period attributable to equity shareholders of the Company was HK$15.5 million (2023: HK$36.3 million). Basic earnings per share were HK11.98 cents, compared to HK28.03 cents for the corresponding period in 2023.

Business review

Overview

The retail and F&B sectors in Hong Kong have faced challenges in the period, arising not only from an overall drop in consumer spending but also from the changing leisure habits of many Hong Kong people. There has been a significant rise in the number of locals making short-stay trips to locations outside Hong Kong for shopping and dining, especially Shenzhen and the Greater Bay Area ("GBA"), and particularly on weekends. The ease of travel from Hong Kong and the higher spending power of Hong Kong consumers in these destinations suggests that this is a trend that is likely to continue in the foreseeable future.

The Group identified this structural shift in Hong Kong consumer behaviour earlier in the year, and in the period under review has been developing strategies to address the impact of a weaker economy and an increasingly more mobile population that will raise customer head counts and enhance its profit margins. The Group's half-year performance has reflected the contribution of this drive, with its performance gradually improving and gaining momentum as new initiatives have been launched across the past six months.

To address the macro trends outlined above, the Group has placed a strong focus on four key areas of its operations. One has been a fresh look at the high-potential dinner market, which represents a major growth area for Fairwood as diners ‘trade down’ in a negative economic environment. Another has seen the Group broaden the range of ‘value’ meals it offers, in response to a growing spike in budget-conscious diners. Steps have also been taken to expand the appeal of Fairwood to high-potential target groups, including prestige niche sectors such as GYM enthusiasts, and to younger diners more generally. Finally, it has worked hard to reinforce its social connection with the Hong Kong community, especially through a major new soft food meals initiative for the elderly and those with swallowing issues.

To capture more diners, especially for the dinner segment, the Group has added multiple new dishes and meal combinations to its menus in the period. In particular, it has offered several new higher-end dinner combinations not normally associated with fast-food restaurants, such as steamed garlic shrimp and braised sea bass dishes. At the same time it has been expanding the range and variety of its existing popular dishes, including its Japanese series, Vietnamese Delicacies, and Hong Kong Style Sizzling Plate. These are moves that are helping drive customer visits and increase the average spend. They are also attracting diners who are looking to trade down their evening dining choices but who do not want to forfeit tasty, interesting and good quality dining options.

Similar positive results have been achieved by increasing the range of high-quality ‘home style’ dinner dishes offered by the Group, dishes that are normally associated with time-consuming preparation at home. Success stories here have included its double-boiled soup with stir-fried dishes for in-store dining, and its highly popular takeaway chicken option, available since September, which has generated exceptional sales. Alongside this, the Group has increased the range of its value offers for those on tight budgets, not only increasing the combinations of dishes available in this category, but also expanding its value offers into new dayparts such as afternoon tea.

The Group’s well-established GYM Lovers promotions have been extended further, with new sponsorships and KOL collaborations being launched that have increased the brand’s profile among this influential segment, expanding Fairwood’s positive associations with health, fitness and wellness. It has also continued to appeal to a younger demographic by tapping into popular café culture, making its tea sets more sophisticated and expanding their variety by introducing several new delicious specialty breads.

Membership of the Fairwood App has continued to soar, with the number of members at period-end standing at over 920,000. As membership has grown, the App has become an increasingly important and influential promotional tool, through which the Group is able to disseminate both one-off promotions (such as a popular Olympics special in August) and regular special offers and promotions, including flash weekend promotions, regular monthly offers, and GYM welcome offers.

The Group continued to fine-tune its back-end cost management initiatives throughout the period. Its digitalisation drive, which is reducing labour costs and improving the customer experience, was extended to more stores across its network, as it continued the gradual roll-out of its Kitchen Management System, Digital Menu Boards, Mobile Ordering Systems, and kiosks for self-serve ordering at stores. It has also kept its food costs under tight control, optimising its menus, expanding its vendor base and pursuing sourcing options such as the direct import of key ingredients. In the current muted market, rents have been falling and the Group has negotiated good rental deals for upcoming lease renewals, the positive impact of which will be seen in the second half. Labour costs offer least scope for mitigation given the labour shortage in Hong Kong, but the Group has been continuing to optimise its labour resources and streamline its workflows for greater efficiency.

Community connections have always been a part of the Fairwood DNA, and over the years the Group has spearheaded many initiatives for the elderly in particular. This community focus has been further bolstered by a major new initiative launched just after the end of the period – a series of 'soft food meals' introduced by the Group at the beginning of October following two years of intensive research and preparation. Aimed at the elderly and others who have difficulty chewing and swallowing, these attractive, easy to eat, nutritious and varied meals all comply with the Guideline of Care Food and the International Dysphagia Diet Standardisation Initiative Level 4 standard, and comply fully with HACCP food safety standards.

The initiative is a first for a fast-food restaurant chain in Hong Kong. It marks an important step forward for the Group, and one with much potential for further growth. It has also reinforced the Fairwood reputation for community care, not least through enthusiastic media coverage that is estimated to be worth over HK$6 million. As part of the roll-out process, mobile assessment counters have been set up at relevant stores at which customers can gain advice from professional speech therapists on their chewing and swallowing needs.

Elsewhere, the Group continued its Fairwood Care for Senior Card membership programme, which regularly offers special promotions to elderly members. The number of members had topped 530,000 by the end of the period. The Group also pushed on with its Fairwood Care for Community programme, which saw the Heartwarming Food Donation programme conducted five times in the period, taking meals and daily necessities to those in need. Seven Joyous Meal for Seniors events were also held under the programme, offering elders who live alone an opportunity to meet and socialise over a meal. Alongside this, various sustainability initiatives, including the repurposing of coffee grounds and lemon rinds, and the sugar pack reuse programme, were installed to encourage good habits of recycling and reuse.

Hong Kong

As at 30 September 2024, the Group was operating 149 Fairwood restaurants across Hong Kong. It also operated a small group of 10 specialty higher-end restaurants under the brand names ASAP (3), Taiwan Bowl (3), and The Leaf Kitchen (3), as well as a single new brand Ombra, an Italian-style restaurant located in Wong Chuk Hang that was launched in the period. These specialty restaurants all performed solidly over the period.

Mainland China

In the GBA of China, the Group was operating 23 Fairwood fast food restaurants at period end. These restaurants are run under localised management and are tailored to cater for the expectations of Mainland consumers; they have a greater focus on takeaway food, and include various local product innovations targeting local tastes. A new store design was being trialled in one store in the period that aims at appealing to a younger demographic. To date the feedback received has been very positive, and the design is expected to be extended to other stores in the second half and beyond. The Group's GBA operations remain constrained by a very muted economic atmosphere in the Mainland, with consumer sentiment remaining weak and confidence yet to pick up. This has slowed the development of its Mainland operations, but the Group remains confident that they are on track for a strong performance in the longer term.

Prospects

The Group believes that Hong Kong's F&B sector faces long-term structural adjustments, given the recent changes in spending and travel habits evident among Hong Kong consumers. Already in 2024, considerable fragmentation of the sector has been evident, which is expected to continue. As a well-recognised brand with wide market coverage, Fairwood is visibly separated from this fragmentation process; more importantly, it believes it can directly benefit from it. In the period, it identified several initiatives that have enabled it to tap directly into this changing F&B landscape and grow its operations. Many of these have already begun to reap strong positive results.

Particular opportunities for growth are expected to come from customers who are trading down in their dining habits in the face of economic pressures. The Group has stepped up its efforts to associate Fairwood with interesting, good quality affordable meals, especially for the dinner segment, many of which are breaking free of traditional 'fast food' associations. As noted, the initiatives described above have begun to achieve good results in the past couple of months, which are expected to continue.

The Group's major new soft food meals initiative also has significant scope for development in the future. What is more, community-focused initiatives like this – and the major investment Fairwood is prepared to devote to them – are further reinforcing the Group's reputation as innovative, community-focused and socially responsible.

Despite the slight dip in revenue reported for the period, the Group is confident that its positioning in the community, its prudent management and its innovative and responsive initiatives offer ample optimism for the future. Some major steps forward have been made in the period in reinforcing the Group's commitment to diversity, community and value, three key characteristics that have already contributed to its longevity and reputation.

More and more, the Group has been reaching out to multiple segments of the community, from the elderly to young people, from the budget-conscious to those embracing health and fitness, through initiatives that send the message that Fairwood is there for everyone, and offers something for all. As a brand rooted and grounded in Hong Kong, this positive message of inclusivity, of catering to multiple market segments, tastes and needs, will continue to drive the Group's development directions as it continues to invest with an eye on its long-term future as an integral part of this city.

Financial Review

Liquidity and financial resources

As at 30 September 2024, total assets of the Group amounted to HK$2,250.2 million (31 March 2024: HK$2,247.8 million). The Group's net current liabilities were HK$156.6 million (31 March 2024: net current liabilities of HK$61.9 million), represented by total current assets of HK$771.1 million (31 March 2024: HK$796.4 million) against total current liabilities of HK$927.7 million (31 March 2024: HK$858.3 million) and the current ratio, being the proportion of total current assets against total current liabilities, was 0.8 (31 March 2024: 0.9). Total equity was HK$637.3 million (31 March 2024: HK$660.4 million).

Despite of net current liabilities, the financial position of the Group remained healthy with bank deposits and cash and cash equivalents totaled HK$595.8 million (31 March 2024: HK$641.0 million) which represented 77.3% (31 March 2024: 80.5%) of total current assets. The bank deposits and cash and cash equivalents decreased by HK$45.2 million represented a decrease of 7.1% from 31 March 2024 balance. Most bank deposits and cash and cash equivalents were denominated in Hong Kong dollars, United States dollars and Renminbi. As at 30 September 2024, the Group had no bank loan (31 March 2024: nil) and gearing ratio was 0.0% (31 March 2024: 0.0%), which was calculated based on the total bank loan over total equity. On the other hand, the Group also had available banking facilities amounted HK$193.9 million (31 March 2024: HK$231.3 million) not yet utilized.

The Group finances its business with internally generated cash flows and available banking facilities. During the period under review, the Group generated net cash from operating activities totaled HK$306.6 million (2023: HK$311.7 million). Together with the unutilized banking facilities, the Group have sufficient financial resources to meet its financial obligations in coming twelve months from 30 September 2024.

Profitability

Annualised return on average equity was 4.8% (31 March 2024: 7.6%), being profit for the period attributable to equity shareholders of the Company against the average total equity at the beginning and the end of the reporting period and then multiplied by two.

Financial risk management

The Group is exposed to foreign currency risk primarily through other financial assets and bank deposits and cash and cash equivalents 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

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$0.7 million (31 March 2024: HK$0.7 million).

Commitments

As at 30 September 2024, the Group's outstanding capital commitments was HK$30.8 million (31 March 2024: HK$24.3 million).

Contingent liabilities

As at 30 September 2024, 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 guarantees is the amount of the outstanding utilised facilities by all the subsidiaries that are covered by the guarantees, being HK$87.2 million (31 March 2024: HK$87.7 million).

The Company has not recognised any deferred income in respect of these guarantees as the amount is insignificant.

Employee information

As at 30 September 2024, the total number of employees of the Group was approximately 5,600 (31 March 2024: 5,700). 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 (such as on-the-job training, in-house seminar and training sponsorship) to improve the quality, competence and skills of all staff.

Other Information

Directors' and chief executive's interests and short positions in Shares, underlying Shares and debentures

As at 30 September 2024, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules were as follows:

(a) *Interests in the Company*

	Ordinary Shares of HK$1 each				Number of underlying Shares pursuant to share options	Total	Percentage of total issued Shares*
	Personal interests	Family interests	Corporate interests	Other interests			
Dennis Lo Hoi Yeung	109,000	–	–	57,435,384 *(Note 1 & 2)*	–	57,544,384	44.42%
Lo Fai Shing Francis	–	–	–	55,435,384 *(Note 1)*	1,040,000	56,475,384	43.59%
Peggy Lee	402,000	–	–	–	300,000	702,000	0.54%

* This percentage has been compiled based on 129,552,780 Shares in issue as at 30 September 2024

Note 1: These Shares were held by Neblett Investments Limited ("Neblett") and CFJ Holdings Limited ("CFJ"). These companies are beneficially owned by two separate trusts of which Mr Dennis Lo Hoi Yeung and Mr Lo Fai Shing Francis are the discretionary objects. Both Mr Dennis Lo Hoi Yeung and Mr Lo Fai Shing Francis, by virtue of their interests in the trusts as the discretionary objects and as the Executive Chairman and Executive Director & Chief Executive Officer of the Company respectively, were deemed interested in the Shares held by Neblett and CFJ.

Note 2: 2,000,000 Shares were held in the capacity as one of the executors of the estate of the late Madam Lee Kwee Fuen.

(b) *Interests in Fairwood Fast Food Limited*

	Number of Non-voting deferred shares				
	Personal interests	**Family interests**	**Corporate interests**	**Other interests**	**Total**
Dennis Lo Hoi Yeung	11,500	–	279,357 *(Note 3)*	–	290,857

Note 3: These shares were held by Pengto International Limited, a company owned by Mr Dennis Lo Hoi Yeung solely.

All the interests stated above represent long positions.

Apart from the foregoing and those disclosed under the section headed "Share option schemes" below, as at 30 September 2024, none of the Directors or chief executive of the Company or any of their spouses or children under eighteen years of age had any other interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been entered in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Details of Directors' and chief executive's interests under the share option schemes of the Company are also set out in the section headed "Share option schemes" below.

Share option schemes

A share option scheme of the Company adopted on 7 September 2011, expired on 6 September 2021 (the "2011 Share Option Scheme"). Subsequently, a new share option scheme of the Company was approved by the shareholders of the Company and adopted on 9 September 2021 (the "2021 Share Option Scheme"). Upon expiration of the 2011 Share Option Scheme, no further options will be granted thereunder. As at 1 April 2024, there were no outstanding share options under the 2011 Share Option Scheme.

Set out below is a table summarizing the movements of the share options under the 2021 Share Option Scheme during the six months ended 30 September 2024:

		Date of grant	Exercisable period	Number of options outstanding as at 1 April 2024	Number of options granted during the period	Number of options lapsed during the period	Number of options cancelled during the period	Number of options exercised during the period	Number of options outstanding as at 30 September 2024	Exercise price per Share *HK$*	Closing price per Share immediately before date of grant of options *HK$*	Weighted average closing price per Share immediately before date of exercise of options *HK$*
(1)	Directors:											
	Lo Fai Shing Francis	5 July 2023	5 July 2024 to 4 July 2033 *(Note 1)*	1,040,000	–	–	–	–	1,040,000	11.456	11.420	–
	Peggy Lee	5 July 2023	5 July 2024 to 4 July 2033 *(Note 1)*	300,000	–	–	–	–	300,000	11.456	11.420	–
				1,340,000	–	–	–	–	1,340,000			
(2)	Employees	5 July 2023	5 July 2024 to 4 July 2033 *(Note 1)*	2,370,000	–	(160,000)	–	–	2,210,000	11.456	11.420	–
			Total:	3,710,000	–	(160,000)	–	–	3,550,000			

Note 1: These options shall be exercisable in three tranches as follows: 34% from 5 July 2024 to 4 July 2033; 33% from 5 July 2025 to 4 July 2033; and the remaining 33% from 5 July 2026 to 4 July 2033.

The vesting period of the share options granted on 5 July 2023 is not less than 12 months from the date of grant and there is no performance target attached to the share options.

The number of options available for grant under the scheme mandate pursuant to the 2021 Share Option Scheme at the beginning and the end of the six months ended 30 September 2024 is 9,205,278.

Apart from the foregoing, at no time during the six months ended 30 September 2024 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or chief executive of the Company or any of their spouses or children under eighteen years of age to acquire benefits by means of acquisition of Shares in or debentures of the Company or any of its associated corporations within the meaning of the SFO.

Substantial shareholder's and other person's interests in the Shares and underlying Shares

As at 30 September 2024, the interests or short positions of every person, other than the Directors and chief executive of the Company, in the Shares and underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:–

		Shares directly and/or indirectly held	**Percentage of total issued Shares***
(i)	Neblett *(Note 1)*	48,775,384	37.65%
(ii)	CFJ	6,660,000	5.14%
(iii)	Winning Spirit International Corp. ("WSIC") *(Note 1)*	48,775,384	37.65%
(iv)	HSBC International Trustee Limited ("HITL") *(Note 2)*	55,440,384	42.79%

* This percentage has been compiled based on 129,552,780 Shares in issue as at 30 September 2024

Note 1: These interests represented the same block of Shares directly held by Neblett. WSIC owned 100% interest in Neblett and was therefore deemed interested in the Shares directly held by Neblett.

Note 2: Except for 5,000 Shares held by HITL as trustee for other trusts, these interests represented the same block of Shares directly held by Neblett and CFJ. HITL, in its capacity as a trustee of two separate trusts of which Mr Dennis Lo Hoi Yeung (as founder and discretionary object) and Mr Lo Fai Shing Francis (as discretionary object), owned 100% interest in WSIC and CFJ and was therefore deemed interested in the Shares directly held by these companies.

All the interests stated above represent long positions.

Save as disclosed above, no other interest or short position in the Shares or underlying Shares were recorded in the register required to be kept pursuant to Section 336 of the SFO as at 30 September 2024.

Dividend

The Board has declared an interim dividend of HK5.0 cents (2023: HK11.0 cents) per Share for the six months ended 30 September 2024 to shareholders whose names appear on the Register of Members of the Company at the close of business on Tuesday, 17 December 2024. The declared dividend represented a distribution of approximately 42% (2023: 39%) of the Group's profit for the period attributable to equity shareholders. The interim dividend will be paid on or before Tuesday, 31 December 2024.

Closure of Register of Members

The Register of Members of the Company will be closed from Monday, 16 December 2024 to Tuesday, 17 December 2024 (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 Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 13 December 2024 for registration.

Purchase, sale or redemption of the Company's listed securities

Throughout the six months ended 30 September 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares (as defined under the Listing Rules), if any).

Corporate governance

The Company has complied with the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Part 2 of Appendix C1 of the Listing Rules throughout the six months ended 30 September 2024, save and except that the Chairman and the Managing Director (Chief Executive Officer) of the Company are not subject to retirement by rotation under the Bye-laws of the Company (the "Bye-laws").

Code provision B.2.2 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. 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 three Independent Non-executive Directors and reports to the Board. The audit committee has reviewed with the management and the Company's external auditor the unaudited financial information and interim results for the six months ended 30 September 2024.

Compliance with the Model Code

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules for securities transactions by Directors. Following specific enquiry by the Company, all Directors confirmed their compliance with the required standards set out in the Model Code throughout the six months ended 30 September 2024.

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

Hong Kong, 29 November 2024