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Future Bright Holdings Limited

佳景集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 703)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		Change %
	2011	2010	
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	
Turnover	244,341	159,497	53.2
Profit before interests, tax expense, depreciation and amortisation	69,211	34,999	97.8
Profit attributable to owners of the Company	32,086	13,142	144.2
Basic earnings per share	5.79 HK cents	2.85 HK cents	103.2
	30 June	31 December	
	2011	2010	
	(Unaudited)	(Audited)	
	HK\$'000	HK\$'000	
Total assets	633,851	429,237	47.7
Net assets	242,768	220,914	9.9
Net assets per share	43.83 HK cents	39.88 HK cents	9.9
Gearing ratio	107.4%	39.2%	174.0
Total assets/liabilities ratio	1.62	2.06	-21.4

* For identification purposes only

INTERIM RESULTS

The board of directors (the “Directors”) of Future Bright Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2011 (the “Period”) as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2011

		Six months ended 30 June	
		2011	2010
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
Turnover	3	244,341	159,497
Cost of goods sold		(73,514)	(49,495)
Direct operating expenses		(85,420)	(55,515)
Gross profit		85,407	54,487
Other income and gains		14,029	6,359
Administrative expenses		(41,108)	(32,663)
Share of loss of a jointly controlled entity		(2,372)	(3,268)
Finance costs		(4,346)	(444)
Profit before income tax expense		51,610	24,471
Income tax expense	6	(9,416)	(3,001)
Profit for the period		42,194	21,470
Other comprehensive income			
Exchange differences on translating foreign operations		92	–
Total comprehensive income for the period		42,286	21,470
Profit attributable to:			
Owners of the Company		32,086	13,142
Non-controlling interests		10,108	8,328
		42,194	21,470
Total comprehensive income attributable to:			
Owners of the Company		32,178	13,142
Non-controlling interests		10,108	8,328
		42,286	21,470
Earnings per share			
– Basic (HK cents per share)	8	5.79	2.85
– Diluted (HK cents per share)	8	5.79	2.85

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

		30 June 2011 (Unaudited) HK\$'000	31 December 2010 (Audited) HK\$'000
	Notes		
Non-current assets			
Property, plant and equipment	9	90,903	90,143
Investment property	16(a)	265,000	–
Goodwill		81,781	81,781
Interest in a jointly controlled entity		–	–
Total non-current assets		437,684	171,924
Current assets			
Deposits for acquisition of a subsidiary		–	78,840
Inventories		16,977	15,092
Trade and other receivables	10	23,899	21,365
Financial assets		13,812	10,211
Pledged bank deposits		11,103	10,156
Cash and cash equivalents		130,376	121,649
Total current assets		196,167	257,313
Total assets		633,851	429,237
Current liabilities			
Trade and other payables	11	73,385	68,831
Amount due to a jointly controlled entity		240	1,988
Current tax liabilities		38,450	29,175
Bank loans	12	32,740	20,085
Total current liabilities		144,815	120,079
Net current assets		51,352	137,234
Total assets less current liabilities		489,036	309,158

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – Continued
AS AT 30 JUNE 2011

		30 June 2011 (Unaudited) HK\$'000	31 December 2010 (Audited) HK\$'000
	Notes		
Non-current liabilities			
Bank loans	12	237,148	79,124
Amounts due to non-controlling interests		9,120	9,120
Total non-current liabilities		246,268	88,244
Total liabilities		391,083	208,323
NET ASSETS		242,768	220,914
Capital and reserves attributable to owners of the Company			
Share capital		55,390	55,390
Reserves		182,780	158,911
Equity attributable to owners of the Company		238,170	214,301
Non-controlling interests		4,598	6,613
TOTAL EQUITY		242,768	220,914

Notes:**1. BASIS OF PREPARATION**

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments and investment property, which are measured at fair value.

The accounting policies methods of computation used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2010 except as those explained below.

The Group has applied for the first time the following relevant revised standards, amendment and interpretations (“new/revised HKFRSs”) issued by HKICPA which are effective for the current period.

HKFRSs (Amendments)	Improvements to HKFRSs 2010
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HK(IFRIC)	Prepayments of a Minimum Funding Requirement
– Interpretation 14	
HK(IFRIC) – Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
HKAS 24 (Revised)	Related Party Disclosures

The Group has not early applied the following revised standards, amendments and interpretations that have been issued, potentially relevant to the Group, but are not yet effective.

Amendments to HKFRS 7	Disclosure – Transfers of Financial Assets ¹
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets ²
HKAS 1 (Amendments)	Presentation of financial statement – Presentation of items of other comprehensive income ³
HKFRS 9	Financial Instruments ⁴
HKFRS 10	Consolidated Financial Statements ⁴
HKFRS 11	Joint Arrangements ⁴
HKFRS 13	Fair Value Measurement ⁴
HKAS 19 (2011)	Employee benefits ⁴
HKAS 27 (2011)	Separate financial statements ⁴
HKAS 28 (2011)	Investments in associates and joint ventures ⁴

¹ Effective for annual periods beginning on or after 1 July 2011

² Effective for annual periods beginning on or after 1 January 2012

³ Effective for annual periods beginning on or after 1 July 2012

⁴ Effective for annual periods beginning on or after 1 January 2013

2. PRINCIPAL ACCOUNTING POLICIES – Continued

Having assessed the impact of these revised standards, amendments and interpretations on the Group's financial statements, the Directors have so far concluded that the application of these standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. TURNOVER

Turnover and revenue recognised by category are as follows:

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Sales of food and beverage	237,091	159,497
Rental income	7,250	–
	244,341	159,497

4. SEGMENT INFORMATION

For the Period, the Group has the following reportable segments:

Food and beverage – sales of food and beverage

Property investment – investment of property

The Group has introduced the property investment segment through the acquisition of subsidiary on 3 January 2011, details of which are referred to in note 16(a) below. The segment results for the Period are as follows:

	Food and beverage (Unaudited) HK\$'000	Property Investment (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Reportable segment revenue	237,091	7,250	244,341
Reportable segment profit			
Segment result	55,670	2,315	57,985
Other revenue			2,795
Share of loss of a jointly controlled entity			(2,372)
Corporate payroll expense			(2,918)
Unallocated expense			(3,242)
Unallocated finance costs			(638)
Profit before income tax expense			51,610

4. SEGMENT INFORMATION – Continued

	Food and beverage (Unaudited) HK\$'000	Property Investment (Unaudited) HK\$'000	Unallocated (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Net gain on financial assets at fair value through profit or loss	1,086	–	–	1,086
Interest income	61	–	12	73
Additions of property, plant and equipment	13,016	–	844	13,860
Additions of investment property	–	265,000	–	265,000
Share of loss of a jointly controlled entity	–	–	2,372	2,372
Depreciation of property, plant and equipment	13,046	–	209	13,255

The segment results for the six months ended 30 June 2010 are as follows:

	Food and beverage (Unaudited) HK\$'000	Property Investment (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Reportable segment revenue	<u>159,497</u>	<u>–</u>	<u>159,497</u>
Reportable segment profit Segment result	<u>37,751</u>	<u>–</u>	37,751
Other revenue			3,226
Share of loss of a jointly controlled entity			(3,268)
Corporate payroll expense			(4,259)
Unallocated expense			(8,535)
Unallocated finance costs			<u>(444)</u>
Profit before income tax expense			<u>24,471</u>

4. SEGMENT INFORMATION – Continued

	Food and beverage (Unaudited) HK\$'000	Property Investment (Unaudited) HK\$'000	Unallocated (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Net gain on financial assets at fair value through profit or loss	672	–	–	672
Interest income	2	–	1	3
Additions of property, plant and equipment	28,147	–	348	28,495
Share of loss of a jointly controlled entity	–	–	3,268	3,268
Depreciation of property, plant and equipment	8,406	–	1,178	9,584
Amortisation of intangible asset	500	–	–	500

5. DEPRECIATION

During the Period, depreciation charge of approximately HK\$13,255,000 (six months ended 30 June 2010: HK\$9,584,000) was recognised in respect of the Group's property, plant and equipment.

6. INCOME TAX EXPENSE

Six months ended 30 June	
2011	2010
(Unaudited)	(Unaudited)
HK\$'000	HK\$'000

The amount of income tax expense in the condensed consolidated statement of comprehensive income represents:

Current tax – Macau Complementary Income Tax	<u>9,416</u>	<u>3,001</u>
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No provision for Hong Kong Profits Tax has been made during the Period as the Group has no assessable profits for Hong Kong Profits Tax for the current and previous periods.

Macau Complementary Income Tax has been calculated at the progressive rate on the estimated assessable profits for the Period. The maximum tax rate was 12% for the six months ended 30 June 2011 and 2010.

Mainland China Enterprise Income Tax (“EIT”) has been calculated at rate of 25% (2010: 25%). No provision for EIT has been made during the Period as the Mainland China subsidiaries have had no assessable profits for EIT for the six months ended 30 June 2011 and 2010.

7. DIVIDEND

The Directors do not recommend the payment of any interim dividend for the Period (six months ended 30 June 2010: Nil).

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

(a) Basic earnings per share

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit attributable to owners of the Company	32,086	13,142
	Number of	Number of
	shares	shares
Weighted average number of ordinary shares for the purpose of basic profit per share	553,902,422	461,602,422
Basic and diluted earnings per share (HK cents)	5.79	2.85

(b) Diluted earnings per share

The amount of diluted earnings per share is the same as basic earnings per share as there were no dilutive potential ordinary shares in existence as at 30 June 2011 and 2010.

9. PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group acquired items of property, plant and equipment at a total cost of HK\$13,860,000 (2010: HK\$28,495,000) and did not write off any items of property, plant and equipment (2010: HK\$150,000).

10. TRADE AND OTHER RECEIVABLES

	30 June	31 December
	2011	2010
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Trade receivables	10,227	14,329
Other receivables and prepayments	13,672	7,036
	23,899	21,365

10. TRADE AND OTHER RECEIVABLES – Continued

The Group's sales to customers are mainly on a cash basis. Trade and other receivables mainly represent the sales revenue collected on the Group's behalf by the operators of various facilities where the restaurants of the Group are located. The credit terms granted to these operators are 30 days from the sales made.

The Group's other receivables and prepayments consist mainly rental deposits paid for the leased land and building.

The ageing analysis of trade receivables is as follows:

	30 June 2011 (Unaudited) HK\$'000	31 December 2010 (Audited) HK\$'000
Within 90 days	10,118	14,228
91 to 365 days	109	101
	10,227	14,329

11. TRADE AND OTHER PAYABLES

	30 June 2011 (Unaudited) HK\$'000	31 December 2010 (Audited) HK\$'000
Trade payables	28,697	23,829
Accruals	18,485	21,585
Other payables	19,934	15,259
Rental payables	6,269	8,158
	73,385	68,831

The ageing analysis of trade payables is as follows:

	30 June 2011 (Unaudited) HK\$'000	31 December 2010 (Audited) HK\$'000
Within 90 days	28,608	19,347
91 to 180 days	65	4,458
181 to 365 days	19	24
More than 365 days	5	–
	28,697	23,829

12. BANK LOANS

	30 June 2011 (Unaudited) HK\$'000	31 December 2010 (Audited) HK\$'000
Secured bank loan	227,447	–
Unsecured bank loans	42,441	99,209
	269,888	99,209
Amount due within one year included in current liabilities	(32,740)	(20,085)
	237,148	79,124

The Group has had three bank loans as at 30 June 2011. A bank loan of approximately HK\$31,970,000 (31 December 2010: approximately HK\$37,283,000) (with a maximum facility of HK\$75,000,000) is repayable within five years from the end of the Period. It carries a covenant that the managing director and controlling owner of the Company, Mr. Chan Chak Mo (“Mr. Chan”) and his own companies, have to hold direct equity interest not less than 30% on the Company. The bank loan carried interest at the prime rate in Macau less 1.25% per annum for the six months ended 30 June 2011 and for the year ended 31 December 2010.

The Group has utilised the above facility to guarantee another bank loan of approximately HK\$10,488,000 (31 December 2010: approximately HK\$ 9,366,000) (with maximum facility of RMB 10,000,000, equivalent to HK\$12,000,000) which is repayable within 1 year from the reporting period and carried interest at 6.05% per annum.

The third bank loan of HK\$227,430,000 (31 December 2010: HK\$52,560,000) is repayable as to HK\$201,118,000 by 180 monthly installments for a total of 15 years and HK\$26,312,000 by a single payment due at 18 months from 3 January 2011. It carries a covenant that the managing director and controlling owner of the Company, Mr. Chan and his own companies, have to hold direct equity interest not less than 50% on the Company. This bank loan is secured by an investment property of the Group and carried interest at 2.75% plus 1-month Hong Kong Inter-Bank Offered Rate per annum.

13. OPERATING LEASE COMMITMENTS

Operating leases – lessor

The Group has entered into operating lease on its investment property with the Macau government during the Period. The lease has an initial period of three years with renewal option included in the contract.

The minimum rent receivables under non-cancellable operating leases are as follows:

	30 June 2011 (Unaudited) HK\$'000	31 December 2010 (Audited) HK\$'000
Not later than one year	14,097	–
Later than one year and not later than five years	21,146	–
	35,243	–

Operating leases – lessee

The Group has entered into operating leases on certain land and buildings during the Period. These leases have an average life of one to 20 years with renewal options included in the contracts. Future minimum lease payments under non-cancellable operating leases are as follows:

	30 June 2011 (Unaudited) HK\$'000	31 December 2010 (Audited) HK\$'000
Not later than one year	34,394	36,341
Within two to five years	92,943	87,100
Over five years	42,428	29,998
	169,765	153,439

14. CAPITAL COMMITMENTS

	30 June 2011 (Unaudited) HK\$'000	31 December 2010 (Audited) HK\$'000
Contracted but not provided for the acquisition of property, plant and equipment	773	1,613

15. RELATED PARTY TRANSACTIONS

- (a) During the Period, the Group has paid laundry expenses of HK\$894,000 (For the six months ended 30 June 2010: HK\$861,000) to Future Bright Laundry Company Limited of which a director of the Company is a minority shareholder of such company.
- (b) During the Period, the Group has received management fee income of HK\$2,464,000 (For the six months ended 30 June 2010: HK\$2,279,000) on a reimbursement of expense sharing basis from several companies in which a director of the Company is also a director and a minority shareholder of such companies.
- (c) The managing director and controlling owner of the Company, Mr. Chan, has made a personal guarantee of HK\$6,800,000 (for the six months ended 30 June 2010: HK\$6,800,000) to obtain bank guarantee to the landlord in lieu of the rental deposits for the several restaurants of the Group.
- (d) A bank loan with maximum facility of HK\$75 million carries a covenant that Mr. Chan and his own companies, have to hold the direct interest not less than 30% equity holding of the Company. Another bank loan with maximum facility of HK\$236.5 million carries a covenant that Mr. Chan and his own companies, have to hold the direct interest not less than 50% equity holding of the Company.
- (e) Compensation of key management personnel
The remuneration of directors and other members of key management personnel was as follows:

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Basic salaries and allowance	6,348	6,210
Retirement scheme contributions	9	32
	6,357	6,242

16. ACQUISITION OF SUBSIDIARY

(a) For the six months ended 30 June 2011

On 9 October 2010, the Group entered into an agreement with a third party to acquire 100% equity interests in Empresa Hou Wan Grupo Limitada (“Hou Wan”), a company incorporated in Macau which was engaged in property investment, at a consideration of HK\$262,800,000. Hou Wan owned a commercial building in Macau with one year renewable rental agreement, and the Directors considered the acquisition providing an opportunity for the Group to broaden its income sources and to enhance the long-term potential growth of the Group. This transaction was approved by the Company’s independent shareholders at the special general meeting held on 21 December 2010. The relevant deposits amounting to HK\$78,840,000 were paid by 31 December 2010 and the transaction was completed on 3 January 2011.

The fair value of the identifiable assets and liabilities of Hou Wan as at the date of completion was:

	(Unaudited) HK\$'000
Consideration paid:	
Cash	262,800
Fair value of assets and liabilities acquired	
Investment property	265,000
Trade and other receivables	4,523
Cash and cash equivalents	2,145
Trade and other payables	(6,311)
Current tax liabilities	(357)
Gain on bargain purchase	(2,200)

If the acquisition had occurred on 1 January 2011, the Group’s turnover and profit would have no material difference as the date of transaction is just 2 days after 1 January 2011.

16. ACQUISITION OF SUBSIDIARY – Continued

(b) For the year ended 31 December 2010

On 28 June 2010, the Group acquired the entire issued share capital of Nippon Gourmet Trading Company Limited (“Nippon Gourmet”) and shareholder’s loan of HK\$1,048,000 due by Nippon Gourmet to the vendor, for a total cash consideration of HK\$29,126,000. Nippon Gourmet is, a company incorporated in Macau, principally engaged in the supply of imported Japanese seafood, meats, vegetables and fruits to hotels, clubs and restaurants in Macau. The fair value of identifiable assets and liabilities of Nippon Gourmet as at the date of acquisition, purchase consideration and goodwill was as follows:

	(Audited) HK\$’000
Consideration paid	
Cash	29,126
Fair value of assets and liabilities acquired	
Property, plant and equipment	816
Inventories	2,295
Trade and other receivables	7,630
Cash and cash equivalents	1,184
Trade and other payables	(2,519)
Current tax liabilities	(280)
	9,126
Goodwill	20,000
Net cash outflow arising on acquisition:	
Cash consideration	(29,126)
Cash and cash equivalents acquired	1,184
	(27,942)

The goodwill arising from the acquisition principally comprises the value of the established business, and expected synergies that relate to the Group’s strategy in expansion of its restaurant chain in Macau and enable the Group’s operations to enjoy a higher level of economies of scale and efficiency. The recognised goodwill is not expected to be deductible for the income tax purpose.

Since the acquisition date, Nippon Gourmet has made positive contribution to the Group’s revenue and profit. If the acquisition had occurred on 1 January 2010, the Group’s turnover would have been increased by HK\$5,758,000 and in the absence of related information, it is impracticable to disclose the effect on the Group’s profit would have been.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover

The turnover of the Group for the Period was approximately HK\$244.3 million, representing an increase of 53.2% as compared to the same period of last year of HK\$159.4 million. The increase in turnover was mainly attributable to the Group's expanded restaurant operations while the Group's property investment business has started to make turnover contribution to the Group.

Gross profit

The gross profit of the Group for the Period was approximately HK\$85.4 million, representing an increase of 56.7% as compared to the same period of last year of HK\$54.5 million. The increase in gross profit was attributable to the increase in turnover.

EBITDA and net profit

The profit before depreciation, amortisation, interests and tax expense of the Group for the Period was approximately HK\$69.2 million, representing an increase of 97.8 % as compared to the same period of last year of HK\$35.0 million. The net profit after income tax expense for the Period was approximately HK\$42.2 million, representing an increase of 96.3% as compared to the same period of last year of HK\$21.5 million. The profit attributable to owners of the Company for the Period was approximately HK\$32.0 million, representing an increase of 144.2% as compared to the same period of last year of HK\$13.1 million. These increases were mainly attributable to the increases in gross profit and other income, and also effective control of the Group's expenses.

Earnings per share

The earnings per share of the Company for the Period was some 5.79 HK cents, representing an increase of 103.2% as compared to the same period of last year of 2.85 HK cents. Such increase was mainly attributable to the increase in profits attributable to the owners of the Company.

Cash flows

The cash inflow from operating activities of the Group for the Period was approximately HK\$64.2 million, representing an increase of 19.8% as compared to the same period of last year of HK\$53.6 million.

OPERATION REVIEW

Food and Beverage Business

During the Period, Macau had a total of 13.25 million visitors into Macau, with an increase of 1 million visitors as compared those of the six months from January to June 2010. Total spending of visitors reached MOP 10.1 billion in the second quarter of 2011, up by 15% in comparison with MOP 8.8 billion a year earlier. Food and beverage spending represented 36% of non-shopping spending of visitors to Macau. The Group, as one of the leading restaurant operators providing high quality and diversified foods in Macau, has been able to capture the benefit from such strong visitors and spending growth in Macau, despite of the increasing operating costs and the short negative impact on the Group's Japanese restaurants in Macau caused by the earthquake off the Pacific coast of Tohoku, Japan in last March 2011. The food and beverage business contributed some HK\$237.1 million turnover to the Group, representing about 97% of the Group's entire turnover in the Period with a hike of some 50%, as compared to those of the corresponding period of last year. With higher turnover in the Period, the Group enjoyed higher net profit margin with a strong positive net cash inflow to the Group. The Period saw the continuous cautious expansion of the Group where the Group opened one new Japanese restaurant and one Pacific Coffee shop at Galaxy Hotel, Macau. Today the strong management and staff teams have about 712 people in Macau operating 21 restaurants and 8 food court counters at good locations in Macau and Guangzhou totalling 108,768 sq. ft. The Group now has 10 Japanese restaurants, 4 café/lounge stores, 5 Chinese food restaurants, 1 Italian restaurant, 1 Portuguese restaurant and 8 multi-cuisine food court counters. Further details of the Group's restaurants are set out in a schedule included in 2011 interim report.

The Group has since March 2011 leased from Macao Industrial Parks Development Company Limited a site of 2,719 sq. m. at Lot D5 in the Macau zone of Parque Industrial Transfronteirico Zhuhai – Macau for a term of 10 years from the date of the formal tenancy agreement, with a renewal option of every 10 years until 29 March, 2030. The Group has started the early design work and development of the site with a view to build an industrial building (“Food Centre”) of five stores with a total gross floor area of 9,391 sq. m. The management believes that this Food Centre will enable the Group not only to build its central food kitchen and central food processing and logistics centre in Macau to enhance the Group's food operations' efficiency, but also to expand its existing industrial catering operations and to diversify into the processed package food business.

The Group's sales from food and beverage business generated some HK\$237.1 million during the Period, an increase of 48.7% as compared to the same period of last year of HK\$159.4 million. The Group's gross profit and net profit from food and beverage business generated some HK\$79.9 million and HK\$55.7 million respectively during the Period, represent increases of 46.6% and 47.4% as compared to the same period of last year of HK\$54.5 million and HK\$37.8 million respectively. During the Period, the Group faced higher food and labour costs, but the higher turnover led to higher economy of scale and efficiency of the Group resulting in higher profit margin. This is the expected result from the Group's cautious expansion strategy in its operations in Macau, for which the management would continue to pursue.

OPERATION REVIEW – Continued

Property Investment Business

The Group has completed its acquisition in last January of a 6-storey commercial building located at the prime tourist location near Centro Commercial E Turistico “S. Paulo”, Largo da Companhia de Jesus N°2, Em Macau (澳門耶穌會紀念廣場2號，牌坊廣場購物旅遊中心) in Macau. This commercial building is currently leased out to the Macau government generating a healthy cash flow of a monthly rental of MOP1.2 million, and has contributed a turnover of some HK\$7 million during the Period. This acquisition has broadened the Group’s income sources with good long-term growth potential.

The Group has started a new chapter to diversify its income from property investment business during the Period where such new business generated some HK\$7 million, while there was no income from property investment business generated during the same period of last year. The Group’s gross profit and net profit from property investment business generated some HK\$6.5 million and HK\$2.3 million respectively during the Period.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated resources and banking facilities. The Group generates strong cash flows from its operations.

As at 30 June 2011, the Group had net current assets of HK\$51.4 million (as at 31 December 2010: HK\$137.2 million), with its cash and bank balances amounting to HK\$141.5 million (as at 31 December 2010: HK\$131.8 million), of which HK\$11.1 million (as at 31 December 2010: HK\$10.2 million) has been pledged to a bank in respect of the guarantee given in lieu of paying rental deposit.

As at 30 June 2011, the Group had interest-bearing loans of HK\$269.9 million (as at 31 December 2010: HK\$99.2 million). A bank loan of HK\$32.0 million (as at 31 December 2010: HK\$37.28 million) was unsecured, interest bearing at the prime rate in Macau less 1.25% per annum and repayable by 60 equal installments from May 2008. Another bank loan of HK\$10.5 million (as at 31 December 2010: HK\$9.37 million) was unsecured, interest bearing at 6.05% per annum and repayable by a single payment for a term of 12 months. The remaining bank loan of HK\$227.4 million (as at December 2010: HK\$52.56 million) was secured by an investment property of the Group and interest bearing at 2.75% plus 1-month Hong Kong Inter-Bank Offered Rate per annum. Such bank loan is repayable as to HK\$201.1 million by 180 monthly installments for a total 15 years and as to HK\$26.3 million by a single payment for a term of 18 months from 3 January 2011. The Group’s borrowings are made in Hong Kong dollars and Renminbi.

As at 30 June 2011, the Group’s gearing ratio represented by the Group’s net debt to the Group’s total equity was 107% (as at 31 December 2010: 39%), the Group’s current ratio was 1.35 (as at 31 December 2010: 2.14), and the Group’s total assets to the Group’s total liabilities ratio was 1.62 (as at 31 December 2010: 2.06).

MATERIAL LITIGATION

As at 30 June 2011, the Group had not been involved in any material litigation or arbitration (as at 31 December 2010: Nil).

CHARGES ON GROUP ASSETS

As at 30 June 2011, the Group pledged an investment property in Macau at fair value of HK\$265 million to a Macau bank to secure bank loans. Save as disclosed herein, the Group did not have any charges on assets (as at 31 December 2010: Nil).

CONTINGENT LIABILITIES

As at 30 June 2011, the Group did not have any contingent liabilities (as at 31 December 2010: Nil).

CURRENCY EXPOSURE

As at 30 June 2011, the Group did not have any outstanding hedging instrument. The Group would continue to monitor closely its foreign currency exposure and requirements and to arrange for hedging facilities when necessary.

EMPLOYEES

As at 30 June 2011, the Group employed a total of 782 full time staff in Hong Kong, Macau and China. The remuneration policy of the employees of the Group is set up by the remuneration committee on the basis of their merit, qualifications and competence, while the detail remuneration packages for the employees are determined by the management based on their performance.

SUBSEQUENT EVENTS

There is no significant subsequent events after the Period.

OUTLOOK

The global economy has become more volatile following the down grade of the credit rating of the US sovereign debt in early August and the Euro financial crises having still been unresolved. Such global uncertainty may have serious adverse impact on all the economies of the world, although economies of Mainland China, Hong Kong and Macau remain currently positive. Recently, Mr. Huang Huahua, the governor of Guangdong, has announced that the Mainland Government has designated Hengqin Island (橫琴島) to be a special economic zone with many special preferential benefits including a low corporation tax rate at 15%. Hengqin Island is adjacent to Macau and has a size of 106 sq. km. It will be developed into a commercial financial centre with close relationship with Macau. At present, University of Macau is building a huge campus of 1.09 sq. km. in Hengqin Island with an expected completion by 2012. Another big amusement theme resort park is also under development in Hengqin Island with an expected completion by 2013. With such new developments in Hengqin Island and its close co-operation to Macau, the management expects that Macau will enjoy the continuous increasing visitor inflow with more and new attraction to visitors. In addition, as Macau has already become a major tourist visiting place for Mainland outbound visitors, the management is confident on the economic prospect of Macau especially where Macau possesses strong attributes, resilience and great potentials with its dynamic gaming and tourism markets.

OUTLOOK – Continued

The management is fully aware of the current global economical uncertainty. And the management shall continue its current strategy to cautiously expand the Group's food and beverage business in terms of food range and number of restaurants in Macau, to further enhance its economies of scale and efficiency to generate a good steady cash inflow. The management expects that a new Edo Japanese restaurant will be opened at Sands Casino Macau, and a new Thai restaurant and Pacific Coffee coffee shop will be opened at the Residencia Macau (君悦灣) situated at the waterfront adjacent to the Macau landing site of the proposed Hong Kong Zhuhai Macau Bridge before the end of 2011. The management also foresees that the rapid development of Hengqin Island into a special economic zone will generate lots of opportunities to Macau, and hence to the Group. All these would ensure the continuous growth in visitors into Macau which will call for a corresponding growing demand for packaged/processed food to serve food caters, restaurant operators and visitors. And, the Food Centre would upon its completion not only enhance the Group's efficiency but also diversify the Group's income base. Furthermore, the management expects that the Group's recently acquired property would continue to provide steady rental income to the Group with a good potential of capital value appreciation.

The mist of global economical uncertainty remains overshadowing every business, while the economies of Mainland China and Macau still perform well, albeit under spiral increasing inflation pressure. The Directors and management are aware that the Group is still braving this mist of uncertainty but is capable to face up to the challenges ahead. The management is confident that the Group is well-positioned to capture the increasing visitor flow into Macau so as to benefit the Group. The management will also look for opportunities in Macau to diversify its business scope and income base.

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

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The audit committee of the Company consists of three independent non-executive directors, Mr. Cheung Hon Kit, Mr. Chan Shek Wah and Mr. Chan Pak Cheong Afonso. The audit committee has reviewed with the management the accounting principles as well as critical accounting estimates and assumptions. The audit committee has also discussed with the external auditors on their audit plan and key audit areas. The condensed consolidated financial statements and the interim results announcement of the Group for the Period have been reviewed by the audit committee before submission to the board of Directors for adoption.

CORPORATE GOVERNANCE

The Company has complied throughout the period with the Code on Corporate Governance Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange.

CORPORATE GOVERNANCE – Continued

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in Appendix 10 to the Rules Governing the Listing of Securities of the Stock Exchange (the “Model Code”). Having made specific enquiry with them, all directors confirmed that they have complied with the standard set out in Model Code and the code of conduct regarding securities transactions by directors adopted by the Company.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

The announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and on the website of the Company at www.fb.com.hk. The 2011 interim report of the Company will be dispatched to the shareholders of the Company and available on the above websites in due course.

On behalf of the Board
Chan See Kit, Johnny
Chairman

Hong Kong, 26 August 2011

As at the date hereof, the members of the board of directors of the Company comprise (i) Mr. Chan Chak Mo, the Managing Director, (ii) Mr. Chan See Kit, Johnny, the Chairman and executive Director, (iii) Mr. Lai King Hung, the deputy Chairman and executive Director, (iv) Ms. Leong In Ian, the executive Director and (v) Mr. Cheung Hon Kit, Mr. Yu Kam Yuen, Lincoln, Mr. Chan Shek Wah and Mr. Chan Pak Cheong Afonso, the independent non-executive Directors.