Future Bright Holdings Limited
佳景集團有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 703)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2012	2011	Change
	HK$'000	*HK$'000*	*%*
Turnover	**646,093**	546,452	18.2%
Profit before interests, tax expense, depreciation and amortisation	**343,476**	166,313	106.5%
Profit attributable to owners of the Company	**242,279**	89,614	170.4%
Basic earnings per share	**HK43.18 cents**	HK16.18 cents	166.9%
Final dividend per share	**HK4.5 cents**	HK3.0 cents	50%
Special dividend per share	**HK1.5 cents**	Nil	–

	31 December 2012	31 December 2011	Change
	HK$'000	*HK$'000*	*%*
Total assets	**1,164,700**	694,365	67.7%
Net assets	**603,354**	308,459	95.6%
Net assets per share	**HK95.94 cents**	HK55.69 cents	72.3%
Gearing ratio	**39.9%**	72.8%	-32.9%
Total assets/ total liabilities ratio	**2.07**	1.80	15.0%

* *for identification purpose only*

ANNUAL RESULTS

The board of directors ("Directors") of Future Bright Holdings Limited ("Company") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries ("Group") for the year ended 31 December 2012 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	Notes	**2012** **HK$'000**	2011 HK$'000
Turnover	*4*	**646,093**	546,452
Cost of sales		**(185,547)**	(162,086)
Gross margin		**460,546**	384,366
Direct operating expenses		**(223,458)**	(185,541)
Gross operating profit		**237,088**	198,825
Other revenue	*6*	**13,540**	13,533
Other gains and losses	*7*	**151,661**	12,934
Administrative expenses		**(88,994)**	(82,085)
Share of loss of a jointly controlled entity		**–**	(4,859)
Finance costs	*9*	**(9,246)**	(8,626)
Profit before income tax expense	*8*	**304,049**	129,722
Income tax expense	*10*	**(36,267)**	(16,517)
Profit for the year		**267,782**	113,205
Other comprehensive income			
Reclassification of translation differences upon disposal of foreign operation		**–**	1,057
Exchange differences on translating foreign operations		**126**	216
Total comprehensive income for the year		**267,908**	114,478
Profit attributable to:			
Owners of the Company		**242,279**	89,614
Non-controlling interests		**25,503**	23,591
		267,782	113,205
Total comprehensive income attributable to:			
Owners of the Company		**242,405**	90,887
Non-controlling interests		**25,503**	23,591
		267,908	114,478
Earnings per share			
– Basic (HK cents per share)	*12*	**43.18**	16.18
– Diluted (HK cents per share)	*12*	**43.18**	16.18

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment		**71,023**	89,500
Investment properties		**400,000**	275,000
Goodwill	*14*	**81,781**	81,781
Pledged bank deposits		**204,874**	–
Total non-current assets		**757,678**	446,281
Current assets			
Inventories		**27,619**	19,288
Trade and other receivables	*15*	**34,159**	29,555
Financial assets at fair value through profit or loss	*16*	**8,600**	19,583
Pledged bank deposits		**16,326**	18,173
Cash and cash equivalents		**320,318**	161,485
Total current assets		**407,022**	248,084
Total assets		**1,164,700**	694,365
Current liabilities			
Trade and other payables	*17*	**95,281**	88,781
Current tax liabilities		**59,300**	43,502
Bank loans		**20,694**	44,924
Total current liabilities		**175,275**	177,207
Net current assets		**231,747**	70,877
Total assets less current liabilities		**989,425**	517,158
Non-current liabilities			
Bank loans		**368,871**	204,499
Deferred tax liabilities		**16,200**	–
Non-interest bearing borrowings		**1,000**	4,200
Total non-current liabilities		**386,071**	208,699
Total liabilities		**561,346**	385,906
NET ASSETS		**603,354**	308,459
Capital and reserves attributable to owners of the Company			
Share capital		**62,890**	55,390
Reserves		**538,417**	241,489
Equity attributable to owners of the Company		**601,307**	296,879
Non-controlling interests		**2,047**	11,580
TOTAL EQUITY		**603,354**	308,459

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

1. GENERAL

Future Bright Holdings Limited is a public limited company incorporated in Bermuda. Its shares are listed on The Stock Exchange of Hong Kong Limited. Its head office and principal place of business are at Room 1409, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong. The Group, comprising the Company and its subsidiaries, is engaged in the sales of food and beverage and property investment.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis except for investment property and certain financial assets, which are measured at fair values as explained in the accounting policies set out in note 4 to the financial statements in 2012 annual report.

(c) Functional and presentation currency

The functional currency of the Company is Macau Patacas ("MOP"). Each entity in the Group maintains its books and records in its own functional currency. As the Company is listed on Main Board of The Stock Exchange of Hong Kong Limited, the Directors consider that it will be more appropriate to adopt Hong Kong dollars ("HK$") as the Group's and the Company's presentation currency.

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS")

(a) Adoption of new/revised HKFRSs – effective 1 January 2012

Amendments to HKFRS 1	Severe Hyper Inflation and Removal of Fixed Dates for First-time Adopters
Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets

The adoption of these new/revised standards and interpretations has no material impact on the Group's financial statements.

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS") – Continued

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's operations, have been issued but are not yet effective and have not been early adopted by the Group:

Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income[1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[3]
Amendments to HKFRSs	Annual Improvement to HKFRSs 2009-2011 Cycle[2]
Amendments to HKFRS 1	Government loans[2]
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment entities[3]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKAS 19 (2011)	Employee Benefits[2]
HKAS 27 (2011)	Separate Financial Statements[2]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[2]
HK(IFRIC) – Interpretation 20	Stripping Costs of the Production Phase of a Surface Mine[2]

1 Effective for annual periods beginning on or after 1 July 2012
2 Effective for annual periods beginning on or after 1 January 2013
3 Effective for annual periods beginning on or after 1 January 2014
4 Effective for annual periods beginning on or after 1 January 2015

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the Directors so far have concluded that the application of these new/revised HKFRSs will have no material impact on the Group's financial statements.

Amendments to HKAS 1 (Revised) – Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future (e.g. revaluations of available-for-sale financial assets) and those that may not (e.g. revaluations of property, plant and equipment). Tax on items of other comprehensive income is allocated and disclosed on the same basis. The amendments will be applied retrospectively.

Amendments to HKAS 32 – Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.

3. **ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS")** – Continued

(b) New/revised HKFRSs that have been issued but are not yet effective – Continued

HKFRSs (Amendments) – Annual Improvements 2009-2011 Cycle

The improvements made amendments to four standards.

(i) HKAS 1 Presentation of Financial Statements

The amendments clarify that the requirement to present a third statement of financial position when an entity applies an accounting policy retrospectively or makes a retrospective restatement or reclassification of items in its financial statements is limited to circumstances where there is a material effect on the information in that statement of financial position. The date of the opening statement of financial position is the beginning of the preceding period and not, as at present, the beginning of the earliest comparative period. The amendments also clarify that, except for disclosures required by HKAS 1.41-44 and HKAS 8, the related notes to the third statement of financial position are not required to be presented. An entity may present additional voluntary comparative information as long as that information is prepared in accordance with HKFRS. This may include one or more statements and not a complete set of financial statements. Related notes are required for each additional statement presented.

(ii) HKAS 16 Property, Plant and Equipment

The amendments clarify that items such as spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

(iii) HKAS 32 Financial Instruments: Presentation

The amendments clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 Income Taxes. Depending on the circumstances these items of income tax might be recognised in equity, other comprehensive income or in profit or loss.

(iv) HKAS 34 Interim Financial Reporting

The amendments clarify that in interim financial statements, a measure of total assets and liabilities for a particular reportable segment need to be disclosed when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total assets and liabilities for that segment from the amount disclosed in the last annual financial statements.

Amendments to HKFRS 7 – Offsetting Financial Assets and Financial Liabilities

HKFRS 7 is amended to introduce disclosures for all recognised financial instruments that are set off under HKAS 32 and those that are subject to an enforceable master off-setting agreement or similar arrangement, irrespective of whether they are set off under HKAS 32.

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS") – Continued

(b) New/revised HKFRSs that have been issued but are not yet effective – Continued

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – Investment Entities

The amendments apply to a particular class of businesses that qualify as investment entities. An investment entity's business purpose is to invest funds solely for returns from capital appreciation, investment income or both. It evaluates the performance of its investments on a fair value basis. Investment entities could include private equity organisations, venture capital organisations, pension funds and investment funds.

The amendments provide an exception to the consolidation requirements in HKFRS 10 Consolidated Financial Statements and require investment entities to measure particular subsidiaries at fair value through profit or loss rather than to consolidate them. The amendments also set out the disclosure requirements for investment entities. The amendments are applied retrospectively subject to certain transitional provisions.

HKFRS 9 – Financial Instruments

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 10 – Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The implemention of HKFRS 10 may result in changes in those entities which are regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. HKFRS 10 is applied retrospectively subject to certain transitional provisions.

3. **ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS")** – Continued

(b) New/revised HKFRSs that have been issued but are not yet effective – Continued

HKFRS 11 – Joint Arrangements

Joint arrangements under HKFRS 11 have the same basic characteristics as joint ventures under HKAS 31. Joint arrangements are classified as either joint operations or joint ventures. Where the Group has rights to the assets and obligations for the liabilities of the joint arrangement, it is regarded as a joint operator and will recognise its interests in the assets, liabilities, income and expenses arising from the joint arrangement. Where the Group has rights to the net assets of the joint arrangement as a whole, it is regarded as having an interest in a joint venture and will apply the equity method of accounting. HKFRS 11 does not allow proportionate consolidation. In an arrangement structured through a separate vehicle, all relevant facts and circumstances should be considered to determine whether the parties to the arrangement have rights to the net assets of the arrangement. Previously, the existence of a separate legal entity was the key factor in determining the existence of a jointly controlled entity under HKAS 31. HKFRS 11 will be applied retrospectively with specific restatement requirements for a joint venture which changes from proportionate consolidation to the equity method and a joint operation which changes from equity method to accounting for assets and liabilities.

HKFRS 12 – Disclosure of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosures requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

HKFRS 13 – Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 can be adopted early and is applied prospectively.

4. TURNOVER

Turnover represented sales of food and beverage and rental income from investment properties. The amounts of each significant category of revenue recognised in turnover during the year were as follows:

	Group	
	2012	2011
	HK$'000	*HK$'000*
Sales of food and beverage	**631,996**	532,355
Gross rental income from investment properties	**14,097**	14,097
	646,093	546,452

5. SEGMENT REPORTING

(a) Business segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

The Group has two reportable segments. These segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- Food and beverage – sales of food and beverage in Macau and Mainland China; and

- Property investment – leasing of property

Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' profit that is used by the chief operating decision-maker for assessment of segment performance.

For the year ended 31 December 2012

Group	**Food and beverage**	**Property investment**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***
Revenue			
Turnover from external customers	**631,996**	**14,097**	**646,093**
Other revenue	**11,206**	**2,334**	**13,540**
	643,202	**16,431**	**659,633**
Results			
Segment results	**174,505**	**136,808**	**311,313**

5. **SEGMENT REPORTING** – Continued

(a) **Business segments** – Continued

Statement of financial position as at 31 December 2012

Group	**Food and beverage** *HK$'000*	**Property investment** *HK$'000*	**Consolidated** *HK$'000*
Assets			
Segment assets*	**425,146**	**727,141**	**1,152,287**
Liabilities			
Segment liabilities	**150,010**	**394,316**	**544,326**
Segment net assets	**275,136**	**332,825**	**607,961**

* Food and beverage segment assets included cash and bank balances of approximately HK$216,762,000 while property investment segment assets included cash and bank balances of approximately HK$322,212,000 and investment properties of HK$400,000,000.

Other information

For the year ended 31 December 2012

Group	Food and beverage *HK$'000*	Property investment *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Interest income	697	2,334	40	3,071
Interest expense	3,344	5,902	–	9,246
Capital expenditure	16,511	–	–	16,511
Depreciation of property, plant and equipment	29,996	56	129	30,181
Gain on termination of a lease agreement	13,515	–	–	13,515
Gain on disposal of financial assets at fair value through profit or loss	–	–	4,834	4,834
Loss on disposal of property, plant and equipment	351	–	–	351
Impairment loss on property, plant and equipment	3,576	–	–	3,576
Reversal of impairment loss on inventories	–	–	135	135
Impairment loss on other receivables	1,053	–	–	1,053
Fair value gain of investment properties	–	125,000	–	125,000
Fair value gain of financial assets at fair value through profit or loss	–	–	2,487	2,487
Income tax expense	20,067	16,200	–	36,267

5. **SEGMENT REPORTING** – Continued

(a) **Business segments** – Continued

For the year ended 31 December 2011

Group	Food and beverage *HK$'000*	Property investment *HK$'000*	Consolidated *HK$'000*
Revenue			
Turnover from external customers	532,355	14,097	546,452
Other revenue	9,172	–	9,172
	541,527	14,097	555,624
Results			
Segment results	129,452	12,850	142,302

Statement of financial position as at 31 December 2011

Group	Food and beverage *HK$'000*	Property investment *HK$'000*	Consolidated *HK$'000*
Assets			
Segment assets	348,099	280,300	628,399
Liabilities			
Segment liabilities	130,883	214,698	345,581
Segment net assets	217,216	65,602	282,818

5. **SEGMENT REPORTING** – Continued

(a) **Business segments** – Continued

Other information

For the year ended 31 December 2011

Group	Food and beverage *HK$'000*	Property investment *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Interest income	100	–	141	241
Interest expense	1,955	6,671	–	8,626
Capital expenditure	29,052	265,000	5,050	299,102
Depreciation of property, plant and equipment	27,618	56	291	27,965
Gain on bargain purchase of a subsidiary	–	–	2,200	2,200
Loss on written off/disposal of a subsidiary	–	–	721	721
Gain on disposal of financial assets at fair value through profit or loss	–	–	3,394	3,394
Impairment loss on property, plant and equipment	6,761	–	677	7,438
Impairment loss on other receivables	–	–	37	37
Reversal of impairment loss on other receivables	–	–	245	245
Reversal of impairment loss on interest in a jointly controlled entity	–	–	4,859	4,859
Fair value gain of investment properties	–	10,000	–	10,000
Fair value loss of financial assets at fair value through profit or loss	–	–	5,791	5,791
Share of loss of a jointly controlled entity	–	–	4,859	4,859
Income tax expense	16,517	–	–	16,517

5. SEGMENT REPORTING – Continued

(b) Reconciliation of reportable segment revenues, profit and loss, assets and liabilities

Group	**2012** *HK$'000*	2011 *HK$'000*
Revenue		
Reportable segment revenue	**646,093**	546,452
Profit before income tax expense		
Reportable segment profit	**311,313**	142,302
Other revenue	**8,137**	3,761
Reversal of impairment loss of interest in jointly controlled entity	**–**	4,859
Impairment loss on property, plant and machinery	**–**	(677)
Share of loss of a jointly controlled entity	**–**	(4,859)
Corporate payroll expenses	**(6,873)**	(5,951)
Unallocated expenses	**(5,184)**	(7,758)
Finance costs	**(3,344)**	(1,955)
Consolidated profit before income tax expense	**304,049**	129,722
Assets		
Reportable segment assets	**1,152,287**	628,399
Financial assets	**8,600**	19,583
Unallocated corporate assets	**3,813**	46,383
Total assets	**1,164,700**	694,365
Liabilities		
Reportable segment liabilities	**544,326**	345,581
Bank loans	**15,449**	37,307
Unallocated corporate liabilities	**1,571**	3,018
Total liabilities	**561,346**	385,906

5. **SEGMENT REPORTING** – Continued

(c) Geographical information

The Group's operations are located in Macau and Mainland China, while Macau is the country of domicile of the Company.

The following table provides an analysis of the Group's turnover from external customers and non-current assets.

Group	Turnover from external customers 2012 *HK$'000*	2011 *HK$'000*	Non-current assets 2012 *HK$'000*	2011 *HK$'000*
Hong Kong	**–**	–	**631**	760
Mainland China	**12,561**	11,467	**–**	6,348
Macau	**633,532**	534,985	**552,804**	439,173
	646,093	546,452	**552,804**	445,521
	646,093	546,452	**553,435**	446,281

(d) Information about major customers

There was no single customer that contributed to 10% or more of the Group's revenue for the years ended 31 December 2012 and 2011.

6. **OTHER REVENUE**

	Group 2012 *HK$'000*	2011 *HK$'000*
Interest income	**3,071**	241
Dividend income	**402**	169
Management fee income	**6,813**	6,996
Rental income from staff quarter and others	**2,422**	1,572
Written-back of other payables aged over 7 years	**–**	2,000
Others	**832**	2,555
	13,540	13,533

7. OTHER GAINS AND LOSSES

	Group 2012 HK$'000	2011 HK$'000
Exchange gain, net	**10,670**	7,099
Gain on termination of an operating lease agreement	**13,515**	–
Gain on disposal of financial assets at fair value through profit or loss	**4,834**	3,394
Fair value gain of investment properties	**125,000**	10,000
Loss on disposal of property, plant and equipment	**(351)**	–
Gain on bargain purchase of a subsidiary *(note 18(b))*	**–**	2,200
Loss on disposal of subsidiaries	**–**	(721)
Reversal of impairment loss on inventories	**135**	–
Reversal of impairment loss on other receivables	**–**	245
Reversal of impairment loss of interests in a jointly controlled entity	**–**	4,859
Impairment loss on property, plant and equipment	**(3,576)**	(7,438)
Impairment loss on inventories	**–**	(876)
Impairment loss on other receivables	**(1,053)**	(37)
Fair value gain/(loss) of financial assets at fair value through profit or loss	**2,487**	(5,791)
	151,661	12,934

8. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense was arrived at after charging:

	Group 2012 HK$'000	2011 HK$'000
Cost of inventories recognised as expenses	**185,547**	162,086
Staff costs	**160,769**	136,642
Depreciation of property, plant and equipment	**30,181**	27,965
Auditor's remuneration	**1,414**	1,464
Direct operating expenses arising from investment properties that generated rental income during the year	**1,410**	1,410
Operating lease charges on properties		
– Contingent rentals	**15,407**	9,929
– Minimum lease payments	**57,961**	48,943

9. FINANCE COSTS

	Group 2012 HK$'000	2011 HK$'000
Interest on bank loans:		
– Repayable within five years	**3,399**	2,597
– Repayable over five years	**5,847**	6,029
	9,246	8,626

10. INCOME TAX EXPENSE

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

	Group	
	2012	2011
	HK$	*HK$*
Current tax – Macau Complementary Income Tax		
– Current year	**23,280**	18,831
– Over-provision in respect of prior years	**(3,213)**	(2,314)
	20,067	16,517
Deferred tax		
– Charge for the year	**16,200**	–
Income tax expense	**36,267**	16,517

Macau Complementary Income Tax is calculated at the progressive rate on the estimated assessable profits for the year. The maximum tax rate is 12% for the year ended 31 December 2012 (2011: 12%).

Mainland China Enterprise Income Tax ("EIT") is calculated at rate of 25% (2011: 25%). No provision for EIT has been made as Mainland China subsidiaries had no assessable profits for EIT for the years ended 31 December 2012 and 2011. No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits for Hong Kong Profits Tax for the years ended 31 December 2012 and 2011.

At the end of the year, the Group had unused tax losses of HK$22,150,000 (2011: HK$15,042,000) in Mainland China available for offset against future profits which will be expired in five years. No deferred tax asset in respect of the tax losses has been recognised due to the unpredictability of future profits streams.

The income tax expense for the year can be reconciled to the profit per the consolidated statement of comprehensive income as follows:

	Group	
	2012	2011
	HK$'000	*HK$'000*
Profit before income tax expense	**304,049**	129,722
Tax calculated at the applicable tax rates of 12% (2011:12%)	**36,486**	15,567
Tax effect of share of loss of a jointly controlled entity	**317**	583
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(1,305)**	(2,443)
Tax effect of expenses not deductible for tax purposes	**1,484**	934
Tax effect of revenue not taxable for tax purposes	**(1,588)**	(1,756)
Tax effect of tax losses not recognised	**4,086**	5,946
Over-provision in respect of prior years	**(3,213)**	(2,314)
Income tax expense	**36,267**	16,517

11. DIVIDENDS

i) Proposed dividends to owners of the Company attributable to the year:

	2012	2011
	HK$'000	*HK$'000*
Final, proposed – HK4.5 cents (2011: HK3.0 cents)	**28,301**	16,617
Special, proposed – HK1.5 cents (2011: Nil)	**9,434**	–
	37,735	16,617

At the board meeting held on 15 March 2013, the Directors have recommended to pay a final dividend of HK4.5 cents per ordinary share (2011: HK3.0 cents) and a special dividend of HK1.5 cents per ordinary share (2011: nil). The proposed dividends are not reflected as dividends payable in these financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2013.

ii) Dividends payable to owners of the Company attributable to the previous and current financial years, approved and paid during the year:

	2012	2011
	HK$'000	*HK$'000*
Interim dividend in respect of the current financial year, approved and paid during the year of HK1.5 cents (2011: nil) per ordinary share	**8,309**	–
Final dividend in respect of the previous financial year, approved and paid during the year of HK3.0 cents (2011: HK1.5 cents) per ordinary share	**16,617**	8,309
	24,926	8,309

12. 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:

	Group	
	2012	2011
	HK$'000	*HK$'000*
Profit for the year attributable to the owners of the Company	**242,279**	89,614
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purposes of basic earnings per share	**561,074,551**	553,902,422
Basic earnings per share (HK cents)	**43.18**	16.18

The amount of diluted earnings per share was the same as basic earnings per share as there were no dilutive potential ordinary shares in existence during the years ended 31 December 2012 and 2011.

13. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) During the year, the Group received management fee income of HK$5,016,000 (2011: HK$5,292,000), on a reimbursement of expenses sharing basis, from several companies of which a director of the Company is also a director and holds an ultimate non-controlling interest of such companies.

(b) The secured bank loans of HK$374 million (2011: HK$212 million) of the Group contain a covenant that Mr. Chan and his associates have to hold not less than 40% (2011: 50%) equity interest holding of the Company. The unsecured bank loans with maximum facility of HK$75 million (2011: HK$75 million) of the Company contain a covenant that Mr. Chan and his associates have to hold not less than 30% (2011: 30%) equity interest holding of the Company.

14. GOODWILL

	Group	
	2012	2011
	HK$'000	*HK$'000*
Cost		
At 1 January and 31 December	**81,781**	81,781

For the purpose of impairment testing, goodwill is allocated to the cash generating units ("CGU") under the food and beverage segment. The CGU were identified as follows:

	2012	2011
	HK$'000	*HK$'000*
Kanysia Investments Limited ("Kanysia Group")	**61,775**	61,775
Era Catering Management Company Limited ("Era Catering")	**6**	6
Nippon Gourmet Trading Company Limited ("Nippon Gourmet")	**20,000**	20,000
	81,781	81,781

The recoverable amounts of the CGU have been determined from value in use calculations based on cash flow projections from formally approved budgets covering a five-year period. Key assumptions are as follows:

	2012	2011
	%	*%*
Discount rate	**12**	12
Operating margin	**18 to 53**	16 to 56
Growth rate within five-year period	**5**	6 to 8

Operating margins have been determined based on past performance, and management's expectations for market share, after taking into consideration published market forecast and research. The weighted average growth rate used is consistent with the forecasts included in industry reports. The growth rate reflects the long-term average growth rate for the product line of the CGU. Discount rates are calculated based on the Group's beta adjusted to reflect management's assessment of specific risks related to the cash-generating unit. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate recoverable amounts to be lower than the aggregate carrying amounts of the Kanysia Group, Era Catering and Nippon Gourmet.

15. TRADE AND OTHER RECEIVABLES

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

	Group	
	2012	2011
	HK$'000	*HK$'000*
Trade receivables	**24,565**	20,073
Prepayments and deposits	**7,216**	6,010
Other receivables	**2,378**	3,472
Total	**34,159**	29,555

Included in trade and other receivables are trade receivables (net of impairment losses) with the following ageing analysis as of the end of reporting period:

	Group	
	2012	2011
	HK$'000	*HK$'000*
Current *(Note a)*	**21,338**	14,778
Less than 3 months past due	**531**	5,263
More than 3 months past due	**2,696**	32
Amount past due as of the end of reporting period but not impaired *(Note b)*	**3,227**	5,295
Total	**24,565**	20,073

Note a: The balances that were neither past due nor impaired related to a number of debtors that have good track records of payment with the Group. Based on the past experience, the management has estimated that the carrying amounts could be fully recovered.

Note b: Receivables that were past due but not impaired related to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

The ageing analysis of the trade receivables based on invoice date before impairment loss is as follows:

	Group	
	2012	2011
	HK$'000	*HK$'000*
0 to 90 days	**21,869**	19,806
91 days to 365 days	**2,696**	267
Total	**24,565**	20,073

15. TRADE AND OTHER RECEIVABLES – Continued

The below table reconciled the impairment loss of trade receivables for the year:

	Group	
	2012	2011
	HK$'000	*HK$'000*
At 1 January	**2,436**	2,644
Impairment loss recognised	**1,053**	37
Reversal of impairment loss	**–**	(245)
At 31 December	**3,489**	2,436

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2012	2011
	HK$'000	*HK$'000*
Financial assets at fair value through profit or loss:		
– Listed in Hong Kong held for trading	**8,600**	19,583

The financial assets are traded on active liquid markets. The fair values are determined with reference to quoted market prices which are under level 1 (quoted prices (unadjusted) in active markets for identical assets or liabilities) of fair value hierarchy under HKFRS 7.

17. TRADE AND OTHER PAYABLES

	Group	
	2012	2011
	HK$'000	*HK$'000*
Trade payables	**41,294**	36,147
Accruals	**33,682**	26,974
Construction and other payables	**6,925**	12,299
Deposit received in advance	**2,350**	3,594
Deferred rental benefit	**11,030**	9,767
	95,281	88,781

Included in trade payables are trade creditors with the following ageing analysis as of the end of reporting period:

	Group	
	2012	2011
	HK$'000	*HK$'000*
Within 90 days	**36,403**	35,154
91 to 180 days	**72**	916
181 to 365 days	**4,212**	52
More than 365 days	**607**	25
	41,294	36,147

18. ACQUISITIONS OF SUBSIDIARY/BUSINESS DURING THE YEAR

(a) For the year ended 31 December 2012

During the year ended 31 December 2012, the Group acquired 20% interests of Toei Delights Restaurant in L'Arc Macau from its non-controlling shareholder at zero consideration. The Group also acquired the non-controlling shareholder's loan of Toei Delights Restaurant in L'Arc Macau at HK$1,456,000.

(b) For the year ended 31 December 2011

On 3 January 2011, the Group completed an acquisition of 100% equity interests in Hou Wan Group Limited ("Hou Wan"), a company incorporated in Macau which is engaged in property investment, at a consideration of HK$262,800,000. Hou Wan owned a commercial building in Macau with a 3 years 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.

The provisional fair value of the identifiable asset of Hou Wan as at the date of completion was:

	HK$'000
Consideration paid	
Cash	262,800
Fair value of assets and liabilities acquired	
Investment properties	265,000
Trade and other receivables	4,523
Cash and cash equivalents	2,145
Trade and other payables	(6,311)
Current tax liabilities	(357)
	265,000
Gain on bargain purchase	2,200
Net cash outflow arising on acquisition:	
Cash consideration	(262,800)
Deposits paid in 2010	78,840
Cash and cash equivalents acquired	2,145
	(181,815)

Since the acquisition date, Hou Wan had made positive contribution to the Group's revenue and profit amounted to HK$14,907,000 and HK$12,850,000 respectively. If the acquisition had occurred on 1 January 2011, the Group's turnover and profit would have had no material effect as the date of transaction was just 2 days after 1 January 2011.

Gain on bargain purchase of Hou Wan was mainly attributable to the difference between the fair value of the identifiable assets at the date of agreement and the completion date of the acquisition.

CHAIRMAN'S STATEMENT

Our Group has been able to sustain its momentum of strong growth for a few years. And with no less challenges in 2012, our Group faced up to the then global financial uncertainties: the slow US economic recovery, the unsettled Euro zone financial crises and the possible slow-down in Mainland China's economy. In Macau, the year of 2012 recorded a mild increase in visitors' inflow from 28.002 million in 2011 to 28.083 million people in 2012 and of total visitors' spending from MOP 45.3 billion in 2011 to MOP 52.3 billion in 2012. Our Group was able to benefit from Macau's continuance of healthy inflow of visitors and their higher spending in food and beverage, despite of the increasing operating costs. Our Group's strength has always been a leading chain of restaurants with diversified food range, and it paid off well in 2012 again as our Group recorded increases in about 18.2% in turnover and about 170.4% in profit attributable to the owners in that year. Our Group successfully increased about 106.5% in its net profit before tax, interest and depreciation and minority interests to some HK$343.5 million for 2012, with a big climb of about 166.9% to HK43.18 cents earnings per share.

The Company has strived to maintain a healthy dividend payout policy, hopefully at a payout ratio of not less than 30% of our Group's annual net ordinary operating profit. With such strong growth in net profit in 2012, the Directors would propose to declare and pay a final dividend of HK4.5 cent per share in respect of the year of 2012. And with a special net gain of some HK$11.9 million from termination of a lease agreement in 2012, the Directors would propose to declare and pay a special dividend of HK1.5 cents per share for the year of 2012.

Food and Beverage Business Review

Restaurant Chain

The year of 2012 still saw rising operating costs in Macau while Macau enjoyed a healthy economic condition. Our Group was able to benefit from the healthy inflow of visitors into, and their increased spending in, Macau through providing high quality and diversified foods in 2012. Our restaurant chain contributed the bulk of our Group's turnover of some HK$632.0 million in 2012 with a higher net profit and strong positive net cash inflow to our Group. Our restaurants achieved about 18.7% growth in its overall turnover with an 23.0% increase in the turnover of our Japanese restaurants and an increase of 3.1% in the turnover of our food court counters, as compared to those of the year 2011, details of which are set out in the section of "management discussion and analysis" below. During 2012, our Group opened 10 restaurants (of a total floor area: 35,325 sq.ft.) as follows:

- February 2012 – 1 Pacific Coffee shop (175 sq.ft.) at University of Macau;
- April 2012 – 1 Edo Japanese restaurant (4,961 sq.ft.) and 1 Pacific Coffee shop (1,747 sq.ft.) at Sands Cotai Central, 1 Thai restaurant (2,151 sq.ft.) at Residencia Macau;
- July 2012 – 1 Chinese restaurant (2,800 sq.ft.) at Macau WTC Business Executive Club;

Food and Beverage Business Review – Continued

Restaurant Chain – Continued

- August 2012 – 1 student/staff canteen (6,695 sq.ft.) and 1 Pacific Coffee Shop (150 sq.ft.) at Macau University of Science and Technology;

- September 2012 – 1 Shiki Hot Pot restaurant (15,452 sq.ft.) at Rio Hotel and 1 Pacific Coffee shop (467 sq.ft.) at Kiang Wu Hospital; and

- October 2012 – 1 Musashi Japanese noodle ramen shop (727 sq.ft.) at Residencia Macau.

All these newly opened restaurants have been building up its sales gradually since their openings with most sustaining slight losses in 2012 as expected, while Edo Japanese restaurant at Sands Cotai Central, and the canteen and Pacific Coffee shop at Macau University of Science and Technology all performed well with profitability. And all these newly opened restaurants have continued to perform better since January 2013.

Food Souvenir Business

Our Group has for many years been in the retail sales of moon cakes in Macau; and since 2012 has been exploring to tap into the food souvenir (almond cookies, egg rolls, beef jerky etc.) market in Macau which is believed to be about HK$4-5 billion in sales per annum, based on each visitor's spending on local food souvenir products at MOP185 as per 4th quarter 2012. And with continuous growth in visitors to Macau, there are lots of potentials in this Macau food souvenir market in which there are few major players. Our Group intends to tap into this Macau food souvenir market by early 2014. Our Group will rent a premise of about 10,000 sq.ft. gross floor area in Macau to house our production facilities for this purpose, and such production facilities are currently being identified while packaging materials and marketing strategy are being planned. It is intended that the set up cost for such production facilities would be around HK$12-20 million, and our Group will sell our own food souvenirs through our own restaurants and leased special designed shops/counters. Our Group's central food processing centre will also upon completion have additional production facilities for the production of various products for this Macau food souvenir market.

Industrial Catering Business

Our Group has started its industrial catering two years ago first with operating the canteen services for Macau Polytechnic which has about 500 students. And our Group has since August 2012 been operating the canteen services for Macau University of Science and Technology which has about 9,000 students and will by July 2013 operate the canteen services for University of Macau at Hengqin Island. Management believes that there are great potentials in the Macau industrial catering business with so much development in hotels and facilities in Macau through 2015-2017, during which up to 30,000 hotel rooms are expected to be built and hence much more visitors coming in.

Property Investment Business Review

Our Group has been quite cautious in engaging in the property investment business as management is fully aware of its related risk. So cautious so that our Group does not consider to make any acquisition unless the property is quite unique and at the very prime tourist location, capable to be self-used, and/or to generate good steady rental income and healthy growth in capital appreciation. Our 6-storey commercial building in Macau has enabled our Group to enjoy a diversified and steady rental income of MOP14.52 million to our Group in 2012 with its tenancy to expire on 31 December 2013. It is expected that there should be a healthy increase in rental income from this commercial building in 2014. And the value of this commercial building has increased by HK$125 million based on the valuation of a professional independent valuer as at 31 December 2012, and our commercial property is expected to have some long-term potential growth.

OUTLOOK

Our Group has always been to focus its resources and efforts mainly in the market of Macau with our food and beverage business being our Group's centre piece. Management is confident that Macau will continue to enjoy high visitor inflow in 2013, and management is aware of that the major factors affecting the business of our Group are the visitors' inflow into Macau and the level of visitors' spending. With the full operation of the Guangzhou-Zhuhai Intercity Railway linking up Beijing, via Guangzhou/Shunde/Zhongshan, to Gongbei port of Zhuhai in December 2012, this intercity railway enables visitors travel from Guangzhou to Macau in less than 1 hour and 12 minutes at a fare similar to bus fare (RMB70-90 per ride), but with shorter transportation time by 1 hour at a maximum speed of 200 km/h. And it is also expected that the highway bridge linking Guangzhou, Zhuhai and Hong Kong to Macau will be opened in 2016, enabling visitors to travel by car to Macau directly. All these would have positive changes to the travel dynamics of visitors to Macau in terms of timing and number in the coming years, as witnessed in the healthy increase in number of visitor's inflow during the Chinese New Year holiday week of 9-15 February 2013 comparing to the same holiday week in January 2012. Under such circumstances, there shall be a continuous good demand for different types of food at different pricings which shall benefit our Group. To meet and benefit from such demand, the Group shall in Macau continue its current business model to cautiously expand its restaurant chain to provide a diversified food range at both different pricings and different good tourist locations; and to tap into the food souvenir market and the industrial catering business. And our Group will open the following restaurants in Macau in 2013:

- 2 Chinese restaurants at Macau International Airport (8,267 sq.ft.);
- 4 new restaurants to be opened in July 2013 at University of Macau new campus in Hengqin Island (total 42,610 sq.ft.):
  - 1 Chinese restaurant (10,889 sq.ft.)
  - 1 student/staff canteen (17,571 sq.ft.)

OUTLOOK – Continued

- – 1 Western restaurant (9,695 sq.ft.)
- – 1 Pacific Coffee shop (4,455 sq.ft.);

- 3 to 4 Macau style Cha Chaan Teng restaurants; and
- 1 Shiki Hot Pot Restaurant at a shopping complex

Management expects that our Group should be able to enter into the food souvenir market in Macau by early 2014. It is also expected that all our food souvenir products will be produced with attractive packaging, and a proper marketing campaign for our food souvenir products will be launched both locally and in Hong Kong and Guangzhou. And management hopes that our Group would be able to capture 3–5% market share of this food souvenir market within the 12 months upon its entry into this food souvenir market. Management is confident that Macau shall continue to be prosperous with continued high visitor inflow for years to come especially during the big launch of up to 30,000 additional hotel rooms to be built in 2015–2017. And management will continue to explore various opportunities of the industrial catering business in Macau including undertaking canteen services for different institutions and corporations.

Looking ahead, our management expects increasing costs in food materials, rental and labour to exert pressure on our Group's business. Management also notes that there was a mild increase in the number of visitors in 2012 compared to those of 2011 although the increase in visitor spending was satisfactory in 2012. This phenomenon entails there would still be keen competition and good cost control would be essential. To meet such challenges, our management shall continue to adjust our business models to out-perform our competitors and to become more cost effective. I am confident that our Group would be able to face up with the challenges ahead and come out stronger and as resilient ever.

CHAN SEE KIT, JOHNNY
Chairman

Hong Kong

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover

The total turnover including turnover and other revenue of the Group was approximately HK$659.6 million for the year ended 31 December 2012, representing an increase of approximately 18.7% as compared to those of last year of HK$555.6 million. The Group's turnover from food and beverage business generated some HK$632.0 million during the year, represents an increase of 18.7% as compared to last year of HK$532.4 million. The increase in turnover were mainly attributable to the Group's expanded restaurant operations while the Group's property investment business continued to make steady turnover contribution to the Group. Details of turnover breakdown by types of restaurants are as follows:

	For the year ended 31 December		
	2012	2011	2010
	HK$'million	*HK$'million*	*HK$'million*
Turnover			
Japanese restaurants	**336.4**	273.4	206.0
Chinese restaurants	**139.2**	123.8	94.2
Western restaurants	**34.1**	34.2	26.0
Food court counters	**65.0**	63.0	35.6
Others*	**57.3**	38.0	14.0
Total	**632.0**	532.4	375.8

Below is a table of comparison of the turnover by types of restaurants for the years ended 31 December 2011 and 2012:

	2012	Growth	2011
	HK$'million	%	*HK$'million*
Turnover			
Japanese restaurants	**336.4**	23%	273.4
Chinese restaurants	**139.2**	13%	123.8
Western restaurants	**34.1**	–%	34.2
Food court counters	**65.0**	3%	63.0
Others*	**57.3**	51%	38.0
Total	**632.0**	19%	532.4

* The turnover of "Others" included turnover from Pacific Coffee, Royal Thai Kitchen Restaurant, the student/staff canteen at University of Science and Technology in Macau and the food wholesale business of the Group.

FINANCIAL REVIEW – Continued

Gross margin (food costs against turnover)

The gross margin, being turnover less food costs, of the Group for the year ended 31 December 2012 was about HK$460.5 million, representing an increase of approximately 19.8% as compared to those of last year of HK$384.4 million. The increase in gross margin was attributable to the improved economy of scale deriving from the good growth in turnover. The Group has over the last three years maintained steady healthy gross margin as follows:

	For the year ended 31 December		
	2012	2011	2010
	HK$'million	*HK$'million*	*HK$'million*
Gross margin	**460.5**	384.4	262.0
Gross margin ratio	**71.3%**	70.3%	69.7%

Gross operating profit (direct operating costs against turnover)

The gross operating profit, being gross margin less direct operating costs, of the Group for the year ended 31 December 2012 was about HK$237.1 million, representing a healthy increase of approximately 19.3% as compared to those of last year of HK$198.8 million. The increase in gross operating profit was attributable to the good growth in turnover. The Group has over the last three years maintained strong healthy gross operating profit ratio as follows:

	For the year ended 31 December		
	2012	2011	2010
	HK$'million	*HK$'million*	*HK$'million*
Gross operating profit	**237.1**	198.8	128.8
Gross operating profit ratio	**36.7%**	36.4%	34.3%

FINANCIAL REVIEW – Continued

EBITDA

The profit before interests, tax expense, depreciation and amortisation (the "EBITDA") for the year ended 31 December 2012 was approximately HK$343.5 million representing an increase of approximately 106.5% as compared to those of last year of HK$166.3 million. The increase in the EBITDA was mainly attributable to (i) increases in turnover and hence, operating profits, with the Group's expanded food and beverage, (ii) a net gain of HK$11.9 million from termination of a lease agreement (2011: nil) and (iii) a net fair value gain of HK$108.8 million on property investment businesses in Macau (2011: HK$10.0 million). The Group has also over the last three years sustained strong performance in the EBITDA as follows:

	For the year ended 31 December		
	2012	2011	2010
	HK$'million	*HK$'million*	*HK$'million*
EBITDA	**343.5**	166.3	90.9
EBITDA against turnover ratio	**53.2%**	30.4%	24.2%

Net profit

The profit attributable to owners of the Company for the year ended 31 December 2012 was approximately HK$242.3 million representing an increase of approximately 170.4% as compared to those of last year of HK$89.6 million. The remarkable increase of the Group's results was mainly attributable to (i) increases in turnover and hence, operating profits, with the Group's expanded food and beverage, (ii) a net gain of HK$11.9 million from termination of lease agreement (2011: nil) and (iii) a net fair value gain of HK$108.8 million on property investment businesses in Macau (2011: HK$10.0 million). The Group has also over the last three years sustained strong performance in the ratio of the profit attributable to owners of the Company as follows:

	For the year ended 31 December		
	2012	2011	2010
	HK$'million	*HK$'million*	*HK$'million*
Profit attributable to owners of the Company	**242.3**	89.6	40.8
Profit attributable to owners of the Company against turnover ratio	**37.5%**	16.4%	10.9%

FINANCIAL REVIEW – Continued

Net profit – Continued

The profit attributable to owners of the Company before taking into account any net gain from termination of a lease agreement or any net fair value gain from investment properties for the year ended 31 December 2012 (the "Net Ordinary Operating Profit") was approximately HK$121.6 million representing an increase of approximately 52.8% as compared to those of last year of HK$79.6 million. Set out below are the Net Ordinary Operating Profits with Net Ordinary Operating Profit ratio (Net Ordinary Operating Profit against annual turnover) for the last three years ended 31 December 2012:

	For the year ended 31 December		
	2012	2011	2010
	HK$'million	*HK$'million*	*HK$'million*
Net Ordinary Operating Profit	**121.6**	79.6	40.8
Net Ordinary Operating Profit against turnover ratio	**18.8%**	14.6%	10.9%

The Group's food and beverage business has continued to be the main revenue and growth engine and the Group's property investment would continue to contribute steady rental income.

Earnings per share

The earnings per share of the Company for the year ended 31 December 2012 was some HK43.18 cents, representing an increase of 166.9% as compared to those of last year of HK16.18 cents. Such increase was again mainly attributable to the remarkable growth in profit attributable to the owners of the Company. The Group has achieved over the last 3 years strong growth in its earnings per share as follows:

	For the year ended 31 December		
	2012	2011	2010
	HK cents	*HK cents*	*HK cents*
Earnings per share – basic	**43.18**	16.18	8.61

FINANCIAL REVIEW – Continued

Earnings per share – Continued

The earnings per share of the Company based on the Net Ordinary Operating Profit for the year ended 31 December 2012 was some HK21.67 cents, representing an increase of 50.8% as compared to those of last year of HK14.37 cents. Below is the earnings per share based on the Net Ordinary Operating Profit over the last 3 years:

	For the year ended 31 December		
	2012	2011	2010
	HK cents	*HK cents*	*HK cents*
Net Ordinary Operating Profit per share – basic	**21.67**	14.37	8.61

Cash flows

The cash inflow from operating activities of the Group for the year ended 31 December 2012 was approximately HK$218.7 million, representing an increase of 32.5% as compared to those of last year of HK$165.1 million. The Group has witnessed over the last 3 years very healthy increases in its cash inflow from operating activities as follows:

	For the year ended 31 December		
	2012	2011	2010
	HK$'million	*HK$'million*	*HK$'million*
Cash inflow from operating activities	**218.7**	165.1	107.2

Net assets

The net assets of the Group as at 31 December 2012 was approximately HK$603.4 million representing an increase of approximately 95.6% as compared to 31 December 2011 of HK$308.5 million. The increase in net assets was mainly attributable to (i) increases in profit attributable to the owners and (ii) a placing of ordinary shares undertaken in November 2012. The net assets of the Group as at 31 December 2012, 2011 and 2010 were as follows:

	As at 31 December		
	2012	2011	2010
	HK$'million	*HK$'million*	*HK$'million*
Net assets	**603.4**	308.5	220.9
	HK cents	*HK cents*	*HK cents*
Net assets per share	**95.94**	55.69	39.88

OPERATIONS REVIEW

Food and Beverage Business

Restaurant Chain

During the year ended 31 December 2012, the Group's principal activities were in the sales of food and beverage and property investment.

During the year ended 31 December 2012, the food and beverage business contributed some HK$643.2 million revenue representing about 97.5% of all the revenue of the Group, an increase of approximately 18.8% as compared to those of last year of HK$541.5 million. Such increase was due to the Group's capability of benefiting a lot from the increases in tourist visitors and spending in Macau, despite of high operating costs.

The Group has during the year of 2012 continued its unique business model by cautiously expanding its already diversified food range at different pricings and different good tourist locations. During the year, the Group opened ten more new restaurants and closed three restaurants. In addition, the Group changed the Toei Delights Restaurant in L'Arc Macau to Shiki Hot Pot Restaurant during the year. The Group has in January 2013 sold its equity interests in three restaurants which used to be jointly controlled with the landlord of the hotel at which these three restaurants are located. The performance of these three restaurants was unsatisfactory. At such, the number of restaurants of the Group has been reduced. For the year ended 31 December 2012, the results of these three restaurants were equity accounted in the books of accounts of the Group. As at 31 December 2012, the Group has 31 restaurants and 10 food court counters.

Number of restaurant's analysis for the last three years and as at the date of 2012 annual report is listed as follows:

	As at the date of 2012 annual report	**As at 31 December**		
		2012	2011	2010
Number of restaurants				
Japanese restaurants *(note a)*	**10**	**11**	11	9
Chinese restaurants *(note b)*	**6**	**7**	4	4
Western restaurants *(note c)*	**2**	**2**	2	2
Food court counters	**10**	**10**	10	9
Others *(note d)*	**10**	**11**	7	5
	38	**41**	34	29
Total area of restaurants *(note e)*	**131,416 sq.ft.**	**131,416 sq.ft.**	97,396 sq.ft.	88,829 sq.ft.
Turnover over total area of restaurants (per sq.ft. per annum)	**Not applicable**	**HK$4,809**	HK$5,466	HK$4,231

OPERATIONS REVIEW – Continued

Food and Beverage Business – Continued

Restaurant Chain – Continued

Note a: As at 31 December 2012, Japanese restaurants included eight Edo Japanese Restaurants, one Toei Delights Restaurant, one Musashi Restaurant and one Oishii Ichiban Restaurant.

Note b: As at 31 December 2012, Chinese restaurants included one Turtle Essence Restaurant, one 456 Modern Shanghai Cuisine Restaurant, one Fortune Inn Restaurant, three Shiki Hot Pot Restaurants and one Chinese restaurant.

Note c: As at 31 December 2012, Western restaurants included one Madeira Portuguese Restaurant and one Vergnano Italian Restaurant.

Note d: As at 31 December 2012, other restaurants included eight Pacific Coffee Shops, one Royal Thai Kitchen Restaurant, one student/staff canteen and one Café Lan Restaurant.

Note e: The total gross floor area has been calculated with exclusion of 15,947 sq.ft. gross floor area of jointly controlled entity's restaurants.

Note f: Certain numbers of restaurants in 2010 and 2011 were restated to conform with current year's presentation.

The Group's gross margin, gross operating profit and net profit from its food and beverage business generated some HK$448.0 million, HK$226.0 million and HK$154.4 million respectively during the year, represent increases of 20.5%, 20.2% and 36.7% respectively as compared to the last year. The high growth in its profit during the year led to a much higher net profit margin with a strong positive net cash inflow to the Group, compared to those of the last year. More details on the Group's food and beverage business are set out in the Chairman's Statement of 2012 annual report.

Logistic Support

The Group has already submitted to the relevant Macau government department for its approval the development plan on its industrial building of five stores with a total gross floor area of about 101,047 sq.ft. at the recently acquired land of about 29,256 sq.ft. at Lot D5 in the Macau zone of Parque Industrial Transfronteirico Zhuhai – Macau. And such intended industrial building is designed to house the central food processing and logistic centre, warehouse and office facilities giving greater flexibility and efficiency to the Group's operations. The Group has also continued to actively enhance its logistic support including food sourcing and food process facilities. To meet such goal, in 2012, the Group signed a memorandum of agreement with All Kansai Food Export Committee, Japan to enable the Group to source directly from suppliers in Kansai exportable products and produces in Osaka-Pref, Kyoto-Pref, Mie-Pref, Shiga-Pref, Nara-Pref, Wakayama-Pref, Hyogo-Pref, Fukui-Pref and Tokushima-Pref including Kobe beef, Omi beef, fishery products, alcoholic beverage, sweets, and seasoning agents of soy sauce. Such memorandum has been enabling the Group to import more diversified Japanese products directly into Macau at more competitive prices.

OPERATIONS REVIEW – Continued

Food and Beverage Business – Continued

Human Resources

There is no doubt that management and staffs are the valuable assets of the Group and the integral part to the Group's success. The management and staff teams have been expanded in 2012 with now over 1,000 people in Macau. With new restaurants opened during the year 2012 and to be opened soon, the management has continued to expand the management and staff teams to enhance operation efficiency. Remuneration packages including medical plan have been regularly reviewed in 2012, and have been generally structured by reference to market terms, individual qualifications, experience, duties and responsibilities. During 2012, various training activities including operational safety and management skills have been conducted to enhance operation efficiency.

Property Investment Business

During the year ended 31 December 2012, the 6-storey commercial building in Macau has generated a steady rental income of some HK$14.1 million (equivalent to MOP14.5 million) to the Group as same as the last year of HK$14.1 million. The tenancy of this investment property will expire on 31 December 2013. The management firmly believes that high demand for good commercial properties at prime locations would continue, rental income from this commercial property shall improve in 2014 and this commercial property will in the long term enjoy some healthy capital appreciation.

The Group's net profit from property investment business generated some HK$120.6 million during the year, represents an increase of 8.4 times as compared to the last year. Such increase was attributable by the fair value gain from investment properties.

The Group's investment properties were valued at HK$400 million as at 31 December 2012 (2011: HK$275 million), a fair value gain of HK$125 million was recognised in the consolidated statement of comprehensive income for the year ended 31 December 2012, representing an increase of 11.5 times as compared to those of last year (2011: HK$10 million).

DIVIDENDS

A final dividend of HK4.5 cents per share (2011: HK3.0 cents) and a special dividend of HK1.5 cents per share (2011: nil) have been recommended. The total dividends for the year ended 31 December 2012 will amount to HK7.5 cents per share (2011: HK3.0 cents) including the interim dividend of HK1.5 cents per share (2011: nil). Subject to the approval of shareholders at the annual general meeting to be held on 3 May 2013 ("2013 AGM"), the final dividend and the special dividend will be payable on 22 May 2013 to shareholders whose name appears on the register of members of the Company on 13 May 2013.

The Group's operating cash flow was still strong in 2012 and a suitable level of cash holdings shall be maintained. The policy of upholding steady pay out of normal dividend each year remains intact. The dividend payout ratio based on the total dividends over the profit attributable to owners for the last three years are as follows:

	For the year ended 31 December		
	2012	2011	2010
	%	%	%
Total dividend payout ratio (based on the profit attributable to owners)	**19**	19	17

The dividend payout ratio, based on the total dividends over the Net Ordinary Operating Profit (as defined above), for the last three years are as follows:

	For the year ended 31 December		
	2012	2011	2010
	%	%	%
Total dividend payout ratio (based on the Net Ordinary Operating Profit)	**38**	21	17

The dividend payout ratio, based on the aggregate of the interim and final dividends only over the Net Ordinary Operating Profit (as defined above), for the last three years are as follows:

	For the year ended 31 December		
	2012	2011	2010
	%	%	%
Interim and final dividends payout ratio (based on the Net Ordinary Operating Profit)	**30**	21	17

MATERIAL LITIGATION

As at 31 December 2012, the Group had not been involved in any material litigation or arbitration (2011: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated resources and banking facilities provided by its bankers.

As at 31 December 2012, the Group had net current assets of HK$231.7 million (2011: HK$70.9 million). As at 31 December 2012, the Group had cash and bank balances of HK$541.5 million (2011: HK$179.7 million), while the Group's pledged bank deposits amounted to HK$221.2 million (2011: HK$18.2 million) in which HK$204.9 million (2011: nil) has been pledged to a bank to secure a bank loan and the balance of HK$16.3 million (2011: HK$18.2 million) has been pledged to a bank in respect of the guarantee given in lieu of paying rental deposit.

As at 31 December 2012, the Group had interest-bearing bank loans of HK$389.6 million (2011: HK$249.4 million). The Group had two secured bank loans, including a bank loan of HK$200.0 million (2011: nil) which was interest bearing at the prime rate in Macau less 2.25% per annum, repayable within five years from 2012 and secured by the bank deposits. Another secured mortgage loan of HK$174.1 million (2011: HK$200.37 million) was interest bearing at 1-month Hong Kong Inter-Bank Offered Rate ("HIBOR") plus 2.75% per annum, repayable within fifteen years from 2011 and secured by the investment properties of the Group.

In 2011, the Group had another secured bank loan of HK$11.75 million which was interest bearing at HIBOR plus 2.75% per annum, repayable within 18 months from January 2011 and secured by the investment properties of the Group. The Group repaid this secured bank loan fully during the year 2012.

Unsecured bank loan of HK$15.5 million (2011: HK$26.56 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.

In 2011, another unsecured bank loan of HK$10.74 million was unsecured, interest bearing at 5.04% per annum and repayable by a single payment for a term of 12 months. The Group repaid this unsecured bank loan fully during the year 2012.

The Group's borrowings are made in Hong Kong dollars.

LIQUIDITY AND FINANCIAL RESOURCES – Continued

The Group's gearing ratio represented by the Group's net debt (total liabilities less cash and cash equivalents) to the Group's total equity as at the year-end date over the last three years was as follows:

	As at 31 December		
	2012	2011	2010
	%	%	%
Gearing ratio	**39.9**	72.8	39.2

The decrease in Group's gearing ratio as at 31 December 2012 is mainly due to the repayment in bank loans and the increase in the Group's total equity.

The ratio of the total assets against total liabilities of the Group as at 31 December 2012 was 2.07 (2011: 1.80).

CAPITAL EXPENDITURES

For the year ended 31 December 2012, the Group's capital expenditures on the acquisitions of property, plant and equipment were approximately HK$16.5 million (2011: HK$34.1 million). For the year ended 31 December 2012, the Group's capital expenditures on the acquisition of investment properties were zero (2011: HK$265.0 million).

CHARGES ON GROUP ASSETS

As at 31 December 2012, the Group pledged the investment properties to a bank to secure a mortgage loan. Also the Group pledged a bank deposits to a bank to secure a bank loan (2011: nil). Other than that, the Group did not have any charges on assets.

CONTINGENT LIABILITIES

As at 31 December 2012, the Group did not have any contingent liabilities (2011: Nil).

CURRENCY EXPOSURE

As at 31 December 2012, 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.

CHANGES IN THE GROUP'S COMPOSITION

The Group had no material changes in the Group's composition during the year 2012.

During 2011, the Company acquired a company in Macau – Hou Wan Group Company Limited, for the purpose of carrying on its property investment business in Macau, further details are set out in note 36(b) to the financial statements of 2012 annual report.

EMPLOYEES

The Group employed, as at 31 December 2012, a total of 7 full-time staff in Hong Kong (2011: 7), 66 full-time staff in Mainland China (2011: 65) and 954 full-time staff in Macau (2011: 767). 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.

The employee share option scheme of the Company approved by its shareholders and adopted on 13 June 2002 has been terminated. A new share option scheme was adopted on 8 June 2012 and effective for a period of 10 years since the date of adoption. 46,160,240 share options were granted to the directors and employees in 2007 and all share options lapsed in 2010. Details of the retirement benefits schemes of the Group are set out in note 4(m) to the financial statements of 2012 annual report.

USE OF PROCEEDS

In November 2012, the Company undertook a placement and issued 75,000,000 new ordinary shares at HK$1.2 per share to independent third parties. The net proceeds from this placement were some HK$86.9 million. Up to 31 December 2012, HK$3.5 million of the net proceeds were used by the Group to open a new restaurant.

CLOSURE OF REGISTER OF MEMBERS

The register of shareholders of the Company will be closed during the following periods:

(i) From Monday, 29 April 2013 to Friday, 3 May 2013 (both days inclusive), during which time no transfer of shares will be registered, for the purpose of ascertaining shareholders's entitlement to attend and vote at the 2013 AGM. The record date for the annual general meeting shall be 3 May 2013. In order to qualify to be shareholders of the Company to attend, act and vote at the 2013 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on Friday, 26 April 2013; and

(ii) From Friday, 10 May 2013 to Monday, 13 May 2013 (both days inclusive), during which time no transfer of shares will be registered, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend and the proposed special dividend. The record date for the entitlement to the proposed final dividend and the proposed special dividend shall be 13 May 2013. In order to qualify for the proposed final dividend and the proposed special dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on Thursday, 9 May 2013.

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

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

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2012.

SUBSEQUENT EVENTS

There is no significant subsequent events after the year end date of 31 December 2012.

CORPORATE GOVERNANCE

The Company has complied with the code provisions of the Code on Corporate Governance Practices for the period from 1 January 2012 to 31 March 2012 and the Corporate Governance Code (the "CG Code") for the period from 1 April 2012 to 31 December 2012 as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited except the following deviations:

Under the code provision A.6.7 of the CG Code, independent non-executive directors should attend general meetings of the Company. Due to personal commitments, Mr. Cheung Hon Kit and Mr. Yu Kam Yuen, Lincoln, the independent non-executive directors of the Company, did not attend the annual general meeting of the Company held on 7 May 2012. Also Mr. Cheung Hon Kit, Mr. Yu Kam Yuen, Lincoln and Mr. Chan Pak Cheong Afonso, the independent non-executive directors of the Company, did not attend the special general meeting of the Company held on 8 June 2012.

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 have 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.

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rules 3.13 of the Model Code. The Company has considered all of the independent non-executive Directors are independent.

AUDIT COMMITTEE

The audit committee of the Company consists of three independent non-executive Directors, Mr. Cheung Hon Kit, Mr. Yu Kam Yuen, Lincoln and Mr. Chan Pak Cheong Afonso. Mr. Chan Shek Wah, an independent non-executive director, retired as director and member of the audit committee on 7 May 2012. The audit committee has reviewed with the management the accounting policies as well as critical accounting estimates and assumptions with management. The audit committee has also discussed with the external auditor on their audit plan and key audit areas. The audited consolidated financial statements and the annual results announcement of the Group for the year ended 31 December 2012 have been reviewed by the audit committee before submission to the Board for adoption.

ANNUAL GENERAL MEETING AND ANNUAL REPORT

The 2013 AGM of the Company will be held on Friday, 3 May 2013, for the purpose of, among other things, approving the payment of a final dividend of HK4.5 cents per share and a special dividend of HK1.5 cents per share. The notice of 2013 AGM together with the 2012 Annual Report and all other relevant documents (the "Documents") will be despatched to the Shareholders on or about 25 March 2013. The Documents and this announcement shall also be 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.

BOARD OF DIRECTORS

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 and Mr. Chan Pak Cheong Afonso, the independent non-executive Directors.

On behalf of the Board
Chan Chak Mo
Managing Director

Hong Kong, 15 March 2013