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

(Incorporated in Bermuda with limited liability)

(Stock Code: 703)

LOSS ALERT FOR THE YEAR ENDED 31 DECEMBER 2018 AND BUSINESS UPDATE OF THE GROUP FOR THE FOURTH QUARTER OF 2018 AND NEGOTIATION WITH INDEPENDENT THIRD PARTY FOR THE SALE OF CONTROLLING OR ALL EQUITY INTERESTS IN A MACAU WHOLLY OWNED SUBSIDIARY WHICH OWNS THE DEVELOPMENT PROJECT OF THE GROUP IN HENGQIN ISLAND

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board ("Board") of directors of Future Bright Holdings Limited ("Company" and together with its subsidiaries "Group") wishes to inform the shareholders of the Company and potential investors of a loss alert for the year ended 31 December 2018 ("Year"). Based on its unaudited management information currently available, the Group has recorded an unaudited loss attributable to owners of the Company of some HK$60.1 million for the year of 2018, as compared to an audited profit attributable to owners of the Company of some HK$11.0 million for the year of 2017. The Group has also recorded an unaudited loss attributable to owners of the Company of some HK$32.6 million for the fourth quarter of 2018 ("Fourth Quarter"), as compared to an unaudited profit attributable to owners of the Company of some HK$26.9 million for the fourth quarter of 2017.

The Board is also to give an update on (i) the business performance of the Group for the Fourth Quarter and the Year herein, based on its unaudited management information currently available; and (ii) the status of the negotiation with an independent third party for the sale of controlling or all equity interests in the Group's wholly owned subsidiary which owns the development project in Hengqin Island.

* *For identification purpose only*

The Board wishes to remind investors that the information and operational data for the Fourth Quarter and the Year contained in this announcement are based on the unaudited management accounts of the Group which have not been confirmed or audited by the Company's auditors, and as such the data may be subject to adjustment and is for investors' reference only.

Shareholders and potential investors of the Company should note that the abovementioned negotiation on the proposed disposal of the Group's project in Hengqin Island may or may not materialize and there is no assurance that any agreement from the abovementioned negotiation will be entered into.

Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

This announcement is made by the Company pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

LOSS ALERT FOR THE YEAR

The Board wishes to inform the shareholders of the Company and potential investors of a loss alert for the Year. Based on its unaudited management information currently available, the Group has recorded the following results attributable to the owners of the Company for the Year:

	2018	2017	Change
	HK$'million	*HK$'million*	%
	(Unaudited)	(Unaudited)	
PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY			
First quarter	**6.2**	(8.2)	N/A
Second quarter	**(21.1)**	(8.7)	+142.5%
Third quarter	**(12.6)**	1.0	N/A
Fourth quarter	**(32.6)**	26.9	N/A
The Year	**(60.1)**	11.0	N/A

The unaudited loss attributable to owners of the Group of HK$60.1 million for the Year has been attributable to (i) a loss of HK$36.2 million on written off of/impairment loss on property, plant and equipment of several restaurants derived mainly from the conversion of two restaurants into four food court counters in Macau, a Bistro Seoul franchised restaurant in Hong Kong and the closure of six restaurants in Mainland China, (ii) a loss of HK$18.7 million from food souvenir business, (iii) a net fair value loss of HK$5.0 million on investment property held for sale in Hengqin Island, and (iv) the lack of rental income from the Group's investment property in Macau. In 2018, the Group has attained some 18.4% growth in its turnover, despite of the lack of rental income from the Group's investment property in Macau, while the Group's food and catering business has been able to maintain its momentum with good turnover growth.

For the Year in respect of the exchange differences on translating foreign operations which relate mainly to the Group's subsidiary companies in Mainland China, the Group has recorded an unaudited other comprehensive loss of some HK$5.3 million for the first half of the Year, and an unaudited other comprehensive loss of some HK$14.9 million for the second half of the Year, resulting in an unaudited overall other comprehensive loss of some HK$20.2 million of the Group for the Year.

During the Year, the Group has not recorded any fair value gain (2017: net fair value loss of HK$7.0 million) in respect of its investment property of 6-storey commercial building excluding self-use portion ("Key Investment Property") located at the prime tourist location near Centro Commercial E Turistico "S. Paulo", Largo da Companha 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. And in the Year, the Group has recorded a net fair value gain of some HK$12.5 million in the first half of 2018 and a net fair value loss of some HK$17.5 million in the second half of 2018, resulting in an overall net fair value loss of HK$5.0 million (2017: net fair value gain of HK$34.2 million) in respect of its land use right in respect of the land at Hengqin Island ("Hengqin Land").

Below are the unaudited losses and gains that have material impact on the Group's performance for the Year:

	For the year ended 31 December		
	2018	2017	Change
	HK$'million	*HK$'million*	%
	(Unaudited)	(Unaudited)	
Net loss attributable to owners of the Group's food souvenir business	**(18.7)**	(21.0)	–11.0%
Gain on disposal of property	**19.0**	–	N/A
Loss on written off of/impairment loss on property, plant and equipment of restaurants	**(36.2)**	(7.5)	+382.7%
Net fair value loss of the Key Investment Property	**–**	(7.0)	–100.0%
Net fair value (loss)/gain of Hengqin Land	**(5.0)**	34.2	N/A

OPERATIONAL FINANCIALS

The Board is to give an update on the Group's performance for the Fourth Quarter and the Year below. Based on the Group's unaudited management accounts for the Fourth Quarter, details of the Group's unaudited turnover breakdown for the Fourth Quarter are as follows:

	For the three months ended 31 December		
	2018	2017	Change
	HK$'million	*HK$'million*	%
	(Unaudited)	(Unaudited)	
TURNOVER			
Restaurants:			
Japanese restaurants	**77.6**	78.5	–1.1%
Chinese restaurants	**45.5**	46.5	–2.2%
Western and other restaurants *(note 1)*	**26.0**	28.0	–7.1%
Food court counters	**42.6**	15.9	+167.9%
Franchise restaurants *(note 2)*	**58.9**	65.8	–10.5%
	250.6	234.7	+6.8%
Industrial catering	**16.1**	13.6	+18.4%
Food wholesale	**12.0**	9.3	+29.0%
Food and catering business	**278.7**	257.6	+8.2%
Food souvenir business	**20.4**	15.7	+29.9%
Property investment business	**–**	–	–
Total	**299.1**	273.3	+9.4%

Note 1: The turnover of "Western and other restaurants" included turnover from the Group's Western restaurants and 2 sandwich bars.

Note 2: The turnover of "Franchise restaurants" included turnover from the Group's Pacific Coffee shops, and Pepper Lunch, Bari-Uma, Fu-Un-Maru, Mad for Garlic and Bistro Seoul restaurants.

Based on the Group's unaudited management accounts for the Fourth Quarter, details of the Group's unaudited turnover breakdown by geographical locations for the Fourth Quarter are as follows:

	For the three months ended 31 December		
	2018	2017	Change
	HK$'million	*HK$'million*	%
	(Unaudited)	(Unaudited)	
TURNOVER			
Macau	**204.7**	196.9	+4.0%
Mainland China	**29.4**	29.0	+1.4%
Hong Kong	**64.8**	47.4	+36.7%
Taiwan	**0.2**	–	N/A
Total	**299.1**	273.3	+9.4%

A summary of the Group's unaudited operational financials for the Fourth Quarter is as follows:

	For the three months ended 31 December		
	2018	2017	Change
	HK$'million	*HK$'million*	%
	(Unaudited)	(Unaudited)	
Turnover	**299.1**	273.3	+9.4%
Cost of sales	**(91.0)**	(80.8)	+12.6%
Gross margin	**208.1**	192.5	+8.1%
Direct operating expenses	**(172.4)**	(148.5)	+16.1%
Gross operating profit	**35.7**	44.0	–18.9%
Gross operating profit margin (%)	**11.9%**	16.1%	–4.2%

Details of the Group's **same store performance** (note 3) of restaurants, industrial catering business and food souvenir business in terms of turnover for the Fourth Quarter are as follows:

	For the three months ended 31 December		
	2018	2017	Change
	HK$'million	*HK$'million*	%
	(Unaudited)	(Unaudited)	
SAME STORE TURNOVER			
Restaurants:			
Japanese restaurants	**75.7**	78.2	–3.2%
Chinese restaurants	**44.3**	42.1	+5.2%
Western and other restaurants	**14.8**	12.5	+18.4%
Food court counters	**16.2**	15.9	+1.9%
Franchise restaurants	**53.6**	61.5	–12.8%
	204.6	210.2	–2.7%
Industrial catering	**16.1**	13.6	+18.4%
Restaurants and industrial catering business	**220.7**	223.8	–1.4%
Food souvenir business	**14.6**	15.0	–2.7%
Total	**235.3**	238.8	–1.5%

Note 3: Same store performance is compared on the basis of those restaurants/shops/outlets which were in place in the same periods of 2018 and 2017 only.

Based on the Group's unaudited management accounts for the Fourth Quarter, details of the unaudited loss attributable to owners of the Company for the Fourth Quarter are as follows:

	For the three months ended 31 December		
	2018	2017	Change
	HK$'million	*HK$'million*	%
	(Unaudited)	(Unaudited)	
PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Food and catering business	**0.5**	27.3	–98.2%
Food souvenir business	**(6.9)**	(6.4)	+7.8%
Property investment business	**(20.4)**	12.0	N/A
Other revenue, corporate payroll and unallocated expenses	**(5.8)**	(6.0)	–3.3%
Total	**(32.6)**	26.9	N/A

Based on the Group's unaudited management accounts for the Fourth Quarter, details of a breakdown of the unaudited (loss)/profit attributable to owners of the Company by geographical locations for the Fourth Quarter are as follows:

	For the three months ended 31 December		
	2018	2017	Change
	HK$'million	*HK$'million*	%
	(Unaudited)	(Unaudited)	
PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Macau	**22.6**	22.2	+1.8%
Mainland China	**(41.2)**	6.8	N/A
Hong Kong	**(9.9)**	(2.1)	+371.4%
Taiwan	**(4.1)**	–	N/A
Total	**(32.6)**	26.9	N/A

The Group has also recorded the following unaudited revenue/expenses for the Fourth Quarter as follows:

	For the three months ended 31 December		
	2018	2017	Change
	HK$'million	*HK$'million*	%
	(Unaudited)	(Unaudited)	
Other revenue, gains and losses:			
– Net fair value gain of the Key Investment Property	**–**	0.9	–100.0%
– Net fair value (loss)/gain of the Hengqin Land	**(17.2)**	13.9	N/A
– Loss on written off of/Impairment loss on property, plant and equipment of restaurants	**(10.7)**	(3.0)	+256.7%
– Others *(note 4)*	**7.0**	7.0	–
Administrative expenses	**(54.3)**	(44.4)	+22.3%
Finance costs	**(3.7)**	(2.1)	+76.2%

Note 4: This item comprised mainly management fee income, bank interest income and exchange gains.

Details of the Group's unaudited turnover breakdown for the first quarter ("First Quarter"), the second quarter ("Second Quarter"), the third quarter ("Third Quarter") and the Fourth Quarter of 2018 are as follows:

	Fourth Quarter *HK$'million* (Unaudited)	Third Quarter *HK$'million* (Unaudited)	Second Quarter *HK$'million* (Unaudited)	First Quarter *HK$'million* (Unaudited)
TURNOVER				
Restaurants:				
Japanese restaurants	77.6	80.2	76.4	83.1
Chinese restaurants	45.5	42.9	43.0	51.3
Western and other restaurants	26.0	38.4	27.9	31.1
Food court counters	42.6	22.4	15.4	17.4
Franchise restaurants	58.9	61.8	58.9	63.4
	250.6	245.7	221.6	246.3
Industrial catering	16.1	10.5	10.5	11.6
Food wholesale	12.0	10.4	10.3	9.3
Food and catering business	278.7	266.6	242.4	267.2
Food souvenir business	20.4	28.0	13.6	16.4
Property investment business	–	–	–	–
Total	299.1	294.6	256.0	283.6

Details of the Group's unaudited turnover breakdown by geographical locations for the First Quarter, the Second Quarter, the Third Quarter and the Fourth Quarter are as follows:

	Fourth Quarter *HK$'million* (Unaudited)	Third Quarter *HK$'million* (Unaudited)	Second Quarter *HK$'million* (Unaudited)	First Quarter *HK$'million* (Unaudited)
TURNOVER				
Macau	204.7	208.5	181.3	203.0
Mainland China	29.4	29.0	30.2	34.0
Hong Kong	64.8	57.1	44.5	46.6
Taiwan	0.2	–	–	–
Total	299.1	294.6	256.0	283.6

A summary of the Group's unaudited operational financials for the First Quarter, the Second Quarter, the Third Quarter and the Fourth Quarter is as follows:

	Fourth Quarter *HK$'million* (Unaudited)	Third Quarter *HK$'million* (Unaudited)	Second Quarter *HK$'million* (Unaudited)	First Quarter *HK$'million* (Unaudited)
Turnover	299.1	294.6	256.0	283.6
Cost of sales	(91.0)	(88.7)	(75.7)	(84.7)
Gross margin	208.1	205.9	180.3	198.9
Direct operating expenses	(172.4)	(167.1)	(153.8)	(153.1)
Gross operating profit	35.7	38.8	26.5	45.8
Gross operating profit margin (%)	11.9%	13.2%	10.3%	16.1%

Details of the Group's **same store performance** (note 3) of restaurants, industrial catering business and food souvenir business in terms of turnover for the First Quarter, the Second Quarter, the Third Quarter and the Fourth Quarter are as follows:

	Fourth Quarter *HK$'million* (Unaudited)	Third Quarter *HK$'million* (Unaudited)	Second Quarter *HK$'million* (Unaudited)	First Quarter *HK$'million* (Unaudited)
SAME STORE TURNOVER				
Restaurants:				
Japanese restaurants	75.7	74.6	71.3	78.9
Chinese restaurants	44.3	39.0	39.3	47.3
Western and other restaurants	14.8	21.6	21.2	22.1
Food court counters	16.2	20.8	15.4	17.4
Franchise restaurants	53.6	45.8	36.7	34.1
	204.6	201.8	183.9	199.8
Industrial catering	16.1	10.5	10.5	11.6
Food and catering business	220.7	212.3	194.4	211.4
Food souvenir business	14.6	26.1	12.3	14.4
Total	235.3	238.4	206.7	225.8

Note 3: Same store performance is compared on the basis of those restaurants/shops/outlets which were in place in the same periods of 2018 and 2017 only.

Details of the unaudited loss attributable to owners of the Company for the First Quarter, the Second Quarter, the Third Quarter and Fourth Quarter are as follows:

	Fourth Quarter *HK$'million* (Unaudited)	Third Quarter *HK$'million* (Unaudited)	Second Quarter *HK$'million* (Unaudited)	First Quarter *HK$'million* (Unaudited)
PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Food and catering business	0.5	(3.7)	(22.4)	(2.5)
Food souvenir business	(6.9)	(2.8)	(4.9)	(4.1)
Property investment business	(20.4)	(2.9)	10.3	15.7
Other revenue, corporate payroll and unallocated expenses	(5.8)	(3.2)	(4.1)	(2.9)
Total	(32.6)	(12.6)	(21.1)	6.2

Details of a breakdown of the unaudited loss attributable to owners of the Company by geographical locations for the First Quarter, the Second Quarter, the Third Quarter and the Fourth Quarter are as follows:

	Fourth Quarter *HK$'million* (Unaudited)	Third Quarter *HK$'million* (Unaudited)	Second Quarter *HK$'million* (Unaudited)	First Quarter *HK$'million* (Unaudited)
PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Macau	22.6	7.8	(1.6)	1.3
Mainland China	(41.2)	(16.9)	(6.9)	(12.0)
Hong Kong	(9.9)	(3.5)	(12.6)	16.9
Taiwan	(4.1)	–	–	–
Total	(32.6)	(12.6)	(21.1)	6.2

The Group's turnover performance in the Fourth Quarter was the strongest, when comparing to the other quarters of 2018. The Group closed a total of six restaurants in Mainland China during 2018 with 3 of them closed in the Fourth Quarter, leading to a further losses for written off and impairment on property, plant and equipment in that quarter, during which the Key Investment Property was still without a tenant and hence without rental income so as to negatively affect the overall performance of the Group.

The Fourth Quarter has recorded (i) an increase of some 1.5% in turnover as compared to the Third Quarter, and an increase of some 9.4% in turnover as compared to the fourth quarter of 2017; (ii) a decline of some 8.0% in gross operating profit as compared to the Third Quarter, and a decline of some 18.9% in gross operating profit as compared to the fourth quarter of 2017; and (iii) an unaudited adjusted loss attributable to owners of the Company (after excluding any fair value loss from investment properties) of some HK$15.4 million in the Fourth Quarter as compared to an unaudited adjusted loss (after excluding any fair value gains from investment properties) of some HK$12.3 million in the Third Quarter, and an unaudited loss attributable to owners of the Company of some HK$32.6 million in the Fourth Quarter as compared to an unaudited profit attributable to owners of the Company of some HK$26.9 million for the fourth quarter of 2017.

As compared to the performance of the Group in the fourth quarter of 2017, the turnover increase of the Group in the Fourth Quarter has been largely due to increases in turnover of the Group's restaurants and food court counters operations in Hong Kong. The Group's food and catering business in Macau in the Fourth Quarter has underperformed when compared to the improved level of the visitor inflow to Macau and the improved performance of the Macau Gross Gaming Revenue, where Macau Gross Gaming Revenue has improved in the Fourth Quarter by an increase of 8.79% year on year, and the level of visitor's inflow to Macau has increased by 13.85% to 9.99 million in the Fourth Quarter, as compared to 8.775 million in the same quarter of 2017.

The unaudited gross operating profit (being turnover less food costs and direct operating costs) margins of **the Group's food and catering business and food souvenir business** for the first, second, third and fourth quarters of 2018 and 2017 were as follows:

	2018 (Unaudited)	2017 (Unaudited)	Change %
Gross operating profit margin of food and catering business:			
First quarter	**+18.4%**	+17.7%	+0.7%
Second quarter	**+12.7%**	+12.6%	+0.1%
Third quarter	**+15.2%**	+19.8%	–4.6%
Fourth quarter	**+13.7%**	+17.7%	–4.0%
The Year	**+15.0%**	+17.1%	–2.1%
Gross operating profit margin of food souvenir business:			
First quarter	**–22.0%**	–45.2%	+23.2%
Second quarter	**–30.1%**	–40.5%	+10.4%
Third quarter	**–5.0%**	–14.9%	+9.9%
Fourth quarter	**–10.3%**	–25.5%	+15.2%
The Year	**–14.3%**	–27.7%	+13.4%

Based on the Group's unaudited management accounts for the Year, details of the Group's unaudited turnover breakdown for the Year are as follows:

	For the year ended 31 December		
	2018	2017	Change
	HK$'million	*HK$'million*	%
	(Unaudited)	(Unaudited)	
TURNOVER			
Restaurants:			
Japanese restaurants	**317.3**	293.2	+8.2%
Chinese restaurants	**182.7**	178.6	+2.3%
Western and other restaurants	**123.4**	99.1	+24.5%
Food court counters	**97.8**	65.9	+48.4%
Franchise restaurants	**243.0**	183.4	+32.5%
	964.2	820.2	+17.6%
Industrial catering	**48.7**	43.1	+13.0%
Food wholesale	**42.0**	31.3	+34.2%
Food and catering business	**1,054.9**	894.6	+17.9%
Food souvenir business	**78.4**	62.5	+25.4%
Property investment business	**–**	–	–
Total	**1,133.3**	957.1	+18.4%

Based on the Group's unaudited management accounts for the Year, details of the Group's unaudited turnover breakdown by geographical locations for the Year are as follows:

	For the year ended 31 December		
	2018	2017	Change
	HK$'million	*HK$'million*	%
	(Unaudited)	(Unaudited)	
TURNOVER			
Macau	**797.5**	743.4	+7.3%
Mainland China	**122.6**	93.9	+30.6%
Hong Kong	**213.0**	119.8	+77.8%
Taiwan	**0.2**	–	N/A
Total	**1,133.3**	957.1	+18.4%

A summary of the Group's unaudited operational financials for the Year is as follows:

	For the year ended 31 December		
	2018	2017	Change
	HK$'million	*HK$'million*	%
	(Unaudited)	(Unaudited)	
Turnover	**1,133.3**	957.1	+18.4%
Cost of sales	**(340.1)**	(282.5)	+20.4%
Gross margin	**793.2**	674.6	+17.6%
Direct operating expenses	**(646.4)**	(537.8)	+20.2%
Gross operating profit	**146.8**	136.8	+7.3%
Gross operating profit margin (%)	**13.0%**	14.3%	–1.3%

Details of the Group's **same store performance** (note 3) of restaurants, industrial catering business and food souvenir business in terms of turnover for the Year are as follows:

	For the year ended 31 December		
	2018	2017	Change
	HK$'million	*HK$'million*	%
	(Unaudited)	(Unaudited)	
SAME STORE TURNOVER			
Restaurants:			
Japanese restaurants	**309.5**	291.0	+6.4%
Chinese restaurants	**171.1**	151.4	+13.0%
Western and other restaurants	**58.6**	39.1	+49.9%
Food court counters	**69.7**	65.9	+5.8%
Franchise restaurants	**222.3**	168.1	+32.2%
	831.2	715.5	+16.2%
Industrial catering	**48.7**	43.1	+13.0%
Food and catering business	**879.9**	758.6	+16.0%
Food souvenir business	**72.6**	60.3	+20.4%
	952.5	818.9	+16.3%

Note 3: Same store performance is compared on the basis of those restaurants/shops/outlets which were in place in the same periods of 2018 and 2017 only.

Based on the Group's unaudited management accounts for the Year, details of the unaudited loss attributable to owners of the Company for the Year are as follows:

	For the year ended 31 December		
	2018	2017	Change
	HK$'million	*HK$'million*	%
	(Unaudited)	(Unaudited)	
(LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Food and catering business	**(28.1)**	31.1	N/A
Food souvenir business	**(18.7)**	(21.0)	–11.0%
Property investment business	**2.7**	15.1	–82.1%
Other revenue, corporate payroll and unallocated expenses	**(16.0)**	(14.2)	+12.7%
Total	**(60.1)**	11.0	N/A

Based on the Group's unaudited management accounts for the Year, details of a breakdown of the unaudited profit/(loss) attributable to owners of the Company by geographical locations for the Year are as follows:

	For the year ended 31 December		
	2018	2017	Change
	HK$'million	*HK$'million*	%
	(Unaudited)	(Unaudited)	
PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Macau	**30.1**	8.0	+276.3%
Mainland China	**(77.0)**	12.5	N/A
Hong Kong	**(9.1)**	(9.5)	–4.2%
Taiwan	**(4.1)**	–	N/A
Total	**(60.1)**	11.0	N/A

The Group has also recorded the following unaudited revenue/expenses for the Year as follows:

	For the year ended 31 December		
	2018	2017	Change
	HK$'million	*HK$'million*	%
	(Unaudited)	(Unaudited)	
Other revenue, gains and losses:			
– Net fair value loss of the Key Investment Property	**–**	(7.0)	–100.0%
– Net fair value (loss)/gain of the Hengqin Land	**(5.0)**	34.2	N/A
– Loss on written off of/Impairment loss on property, plant and equipment of restaurants	**(36.2)**	(7.5)	+382.7%
– Others *(note 4)*	**17.8**	25.6	–30.5%
Administrative expenses	**(190.3)**	(163.2)	+16.6%
Finance costs	**(11.8)**	(7.8)	+51.3%

Note 4: This item comprised mainly management fee income, bank interest income and exchange gains.

BUSINESS UPDATE

As mentioned above, the Group has sustained a considerable loss in 2018 during which, as a continuous review process of the performance of the Group's restaurants, the Group has closed six restaurants of poor performance in Mainland China, and converted two restaurants in Macau into food court counters, which all led to considerable losses derived from written off and impairment on property, plant and equipment. And the Group has been able to enjoy some 16.3% same store growth for its food and catering and food souvenir businesses in 2018, where the Group has expanded its restaurants and food courts operations in Hong Kong reaching a total turnover of some HK$213.0 million with a turnover increase of some 77.8% as compared to those of the year of 2017. The Group's performance in 2018 was however adversely affected by the lack of rental income for its investment property in Macau, and a net fair value loss of some HK$5.0 million derived from its property in Hengqin Island, while the Group enjoyed a gross gain of some HK$19.0 million from disposal of office property in Hong Kong in the First Quarter.

In 2018, the Group has recorded: (i) an increase of some 18.4% in turnover as compared to the year of 2017; (ii) an improvement of some 7.3% in gross operating profit as compared to the year of 2017; and (iii) an increase in its loss attributable to the owners as compared to the year of 2017. As compared to the year of 2017, the Group has in 2018 seen increases of 20.4% in its food costs, of 20.2% in its direct operating expenses and of 16.6% in its administrative expenses. The gross margin ratio and the EBITDA have been stable in the Year, as compared to the year of 2017. In the Year, the loss attributable to owners of the Company including the gross disposal gain of some HK$19.0 million but excluding any net fair value gain/loss of the investment properties ("Net Ordinary Operating Loss") was HK$55.1 million, as against a Net Ordinary Operating Loss of some HK$16.2 million for the year of 2017.

In the Year, the Group's performance in Macau has underperformed when compared to the increased level of visitors to Macau. In the Year, a total of 35.803 million visitors to Macau have been recorded with an increase of 9.8% amounting to an increase of 3.193 million visitors and the Macau Gross Gaming Revenue has also improved by 13.9%, as compared to the year of 2017. With a strong turnover growth in its Hong Kong operations, the Group has achieved a satisfactory growth of 16.0% in the same store performance of its food and catering business, and a good growth of 20.4% in the same store performance of its food souvenir shops, all in the Year, as compared to the year of 2017.

Management has been slowly tapping into the Taipei restaurant market where in the Fourth Quarter, the Group opened a Canton 12 Chinese restaurant in Taipei 101, Taiwan. In January 2019, the Group has opened a franchised Mad for Garlic restaurant and a franchised Bari-Uma restaurant in Taipei; and has also closed down its Japanese restaurant in Guangzhou.

Management has successfully continued to reduce its loss from the Group's food souvenir business in 2018. In the Year, this business has recorded a total turnover of some HK$78.4 million with a loss attributable to owners of the Company of some HK$18.7 million, as against the turnover of some HK$62.5 million with a loss attributable to owners of the Company of some HK$21.0 million for the year of 2017. As announced in September 2018, the Group has acquired several Yeng Kee Bakery overseas trademarks from parties related to a non-controlling shareholder of its 70% owned subsidiary – Bright Elite Gourmet Company Limited, at a consideration of HK$11.1 million.

More business update of the Group will be included in the coming 2018 annual report of the Company which will be issued before the end of March 2019.

NEGOTIATION WITH INDEPENDENT THIRD PARTY FOR THE SALE OF CONTROLLING OR ALL EQUITY INTERESTS IN A MACAU WHOLLY OWNED SUBSIDIARY WHICH OWNS THE DEVELOPMENT PROJECT OF THE GROUP IN HENGQIN ISLAND

As previously announced, the Group has been undertaking negotiation with a potential buyer party which is an independent third party for the sale of controlling or all equity interest of the Group's development project in Hengqin Island. Such negotiation is still ongoing although there has been and still some issues popped up during such negotiation.

Shareholders and potential investors of the Company should note that the abovementioned negotiation may or may not materialize and there is no assurance that any agreement from the abovementioned negotiation will be entered into. Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

The Board wishes to remind investors that the information and operational data contained in this announcement are based on the unaudited management accounts of the Group which have not been reviewed, confirmed or audited by the Company's auditors, and as such, the data may be subject to adjustment and is for investors' reference only. Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

By order of the Board of
Future Bright Holdings Limited
Chan Chak Mo
Managing Director

Hong Kong, 27 February 2019

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.