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 THREE MONTHS ENDED 31 MARCH 2020 AND BUSINESS UPDATE OF THE GROUP FOR THE FIRST QUARTER OF 2020

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 three months ended 31 March 2020 ("Period or First Quarter"). Based on its unaudited management information currently available, the Group has recorded an unaudited loss attributable to owners of the Company of some HK$63.8 million for the Period, as compared to an unaudited loss attributable to owners of the Company of some HK$17.6 million for the same period of last year.

The Board is also to give (i) an alert on the considerable loss of revenue in the second quarter of 2020 due to the Covid-19 infection which will have negative impact on the Group's business performance in that quarter; and (ii) an update on the business performance of the Group for the First Quarter herein, based on its unaudited management information currently available.

* *For identification purpose only*

The Board wishes to remind investors that the information and operational data for the First Quarter 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 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 PERIOD

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

	For the three months ended 31 March		
	2020	2019	Change
	HK$'million	*HK$'million*	*%*
	(Unaudited)	(Unaudited)	
LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY			
The Period	**(63.8)**	(17.6)	+262.5%

In the Period, the Group has sustained a substantial drop of some 55.2% in its turnover due to the Covid-19 infection, where its unaudited loss attributable to owners of the Group was some HK$63.8 million which has been mainly attributable to (i) a loss of HK$59.0 million from its food and catering business, and (ii) a loss of HK$3.8 million from food souvenir business, although the Group has recorded a profit of some HK$1.9 million from the property investment business.

For the Period 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 gain of some HK$2.5 million for the Period.

During the Period, the Group has not recorded any fair value gain or loss (2019: nil) in respect of its commercial building ("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.

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

	For the three months ended 31 March		
	2020	2019	Change
	HK$'million	*HK$'million*	%
	(Unaudited)	(Unaudited)	
Net loss attributable to owners of the Group's food souvenir business	**(3.8)**	(4.5)	–15.5%
Loss on written off of/impairment loss on property, plant and equipment of restaurants	**(1.0)**	(1.1)	–9.1%

OPERATIONAL FINANCIALS

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

	For the three months ended 31 March		
	2020	2019	Change
	HK$'million	*HK$'million*	%
	(Unaudited)	(Unaudited)	
TURNOVER			
Restaurants:			
Japanese restaurants	**28.0**	75.5	–62.9%
Chinese restaurants	**17.6**	46.1	–61.8%
Western and other restaurants *(note 1)*	**8.4**	22.1	–61.9%
Food court counters	**31.5**	44.7	–29.5%
Franchise restaurants *(note 2)*	**25.9**	62.6	–58.6%
	111.4	251.0	–55.6%
Industrial catering	**2.5**	12.5	–80.0%
Food wholesale	**4.8**	11.9	–59.6%
Food and catering business	**118.7**	275.4	–56.8%
Food souvenir business	**8.8**	20.2	–56.4%
Property investment business	**4.7**	–	N/A
Total	**132.2**	295.6	–55.2%

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

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

	For the three months ended 31 March		
	2020	2019	Change
	HK$'million	*HK$'million*	%
	(Unaudited)	(Unaudited)	
TURNOVER			
Macau	**80.4**	200.3	–59.8%
Mainland China	**9.1**	27.8	–67.2%
Hong Kong	**38.7**	58.7	–34.0%
Taiwan	**4.0**	8.8	–54.5%
Total	**132.2**	295.6	–55.2%

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

	For the three months ended 31 March		
	2020	2019	Change
	HK$'million	*HK$'million*	%
	(Unaudited)	(Unaudited)	
Turnover	**132.2**	295.6	–55.2%
Cost of sales	**(40.5)**	(88.7)	–54.3%
Gross margin	**91.7**	206.9	–55.6%
Direct operating expenses	**(109.9)**	(168.3)	–34.6%
Gross operating (loss)/profit	**(18.2)**	38.6	N/A
Gross operating (loss)/profit margin (%)	**(13.8)%**	13.1%	N/A

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

	For the three months ended 31 March		
	2020	2019	Change
	HK$'million	*HK$'million*	%
	(Unaudited)	(Unaudited)	
SAME STORE TURNOVER			
Restaurants:			
Japanese restaurants	**27.6**	73.5	–62.4%
Chinese restaurants	**16.2**	42.8	–62.1%
Western and other restaurants	**7.7**	18.3	–57.9%
Food court counters	**15.0**	38.6	–61.1%
Franchise restaurants	**19.6**	43.1	–54.5%
	86.1	216.3	–60.1%
Industrial catering	**2.5**	9.9	–74.7%
Restaurants and industrial catering business	**88.6**	226.2	–60.8%
Food souvenir business	**8.8**	18.4	–52.1%
Total	**97.4**	244.6	–60.1%

Note 3: Same store performance is compared on the basis of those restaurants/shops/outlets which were in place in the same periods of 2020 and 2019 only.

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

	For the three months ended 31 March		
	2020	2019	Change
	HK$'million	*HK$'million*	%
	(Unaudited)	(Unaudited)	
PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Food and catering business	**(59.0)**	(6.2)	+851.6%
Food souvenir business	**(3.8)**	(4.5)	–15.5%
Property investment business	**1.9**	(3.2)	N/A
Other revenue, corporate payroll and unallocated expenses	**(2.9)**	(3.7)	–21.6%
Total	**(63.8)**	(17.6)	+262.5%

Based on its unaudited management accounts for the First Quarter, details of the Group's unaudited results attributable to owners of the Company breakdown by geographical locations for the First Quarter are as follows:

	For the three months ended 31 March		
	2020	2019	Change
	HK$'million	*HK$'million*	%
	(Unaudited)	(Unaudited)	
PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Macau	**(37.1)**	1.6	N/A
Mainland China	**(16.1)**	(10.1)	+59.4%
Hong Kong	**(8.1)**	(6.2)	+30.6%
Taiwan	**(2.5)**	(2.9)	–13.7%
Total	**(63.8)**	(17.6)	+262.5%

The Group has also recorded the following unaudited revenue/expenses in the First Quarter as follows:

	For the three months ended 31 March		
	2020	2019	Change
	HK$'million	*HK$'million*	%
	(Unaudited)	(Unaudited)	
Other revenue, gains and losses:			
– Others *(note 4)*	**(1.2)**	6.3	N/A
Administrative expenses	**(35.5)**	(51.6)	–31.2%
Finance costs	**(9.1)**	(7.6)	+19.7%

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

The Group's business in the First Quarter has been severely affected by the Covid-19 infection then, leading to a considerable loss with a substantial drop in turnover contribution in Macau, China and Hong Kong. The Group has in the First Quarter recorded some HK$132.2 million turnover with a loss attributable to owners of some HK$63.8 million, as compared to some HK$295.6 million turnover with a loss attributable to owners of some HK$17.6 million for the same quarter of 2019.

The Group has also in the First Quarter 2020 recorded:

(i) A drop of some 55.2% in turnover as compared to that of same quarter of 2019;

(ii) Decreases of some 54.3% in cost of sales (food costs), of some 34.6% in direct operating expenses, of some 31.2% in administrative expenses, and an increase of some 19.7% in finance costs, as compared to that of the same quarter of 2019;

(iii) (13.8)% in gross operating loss ratio as compared to that gross operating profit ratio of 13.1% for the same quarter of 2019;

(iv) A loss attributable to owners of some HK$63.8 million as compared to a loss attributable to owners of some HK$17.6 million for the same quarter of 2019;

(v) A gross margin ratio of some 69.4% with a negative EBITDA at some HK$43.0 million as against a gross margin ratio of some 70.0% with a positive EBITDA at some HK$12.2 million for the same quarter of 2019; and

(vi) A decrease of 60.8% in the same store performance of its restaurants and industrial catering business, and a decrease of 52.1% in the same store performance of its food souvenir shops, as compared to that of the same quarter of 2019.

The performance of different restaurants in different food types in the First Quarter is set out above. As compared to the performance of the Group in the same quarter of 2019, the turnover drop of the Group has been largely due to the Covid-19 infection in the First Quarter, during which most of the Group's restaurants were closed for at least two weeks and thereafter were for some time to cater for limited numbers of customers and/or to open for limited business hours, under the social distancing orders of the local governments. The Group's food and catering business in Macau in the First Quarter has performed in line with the drop of the visitor inflow to Macau and the drop in the Macau Gross Gaming Revenue, where Macau Gross Gaming Revenue has dropped in the First Quarter by 60.0% year on year, and the level of visitor's inflow to Macau has dropped by 68.9% to 3.219 million in the First Quarter, as compared to 10.360 million in the same quarter of 2019.

The unaudited gross operating (loss)/profit (being turnover less costs of sales and direct operating expenses) margins of **the Group's food and catering business and food souvenir business** for the first quarter of 2020 and 2019 were as follows:

	For the three months ended 31 March		
	2020	2019	Change
	(Unaudited)	(Unaudited)	%
Gross operating (loss)/profit margin of food and catering business:			
First quarter	**–16.9%**	+14.9%	N/A
Gross operating loss margin of food souvenir business:			
First quarter	**–29.5%**	–10.4%	–19.1%

BUSINESS UPDATE AND ALERT ON LOSS OF REVENUE IN SECOND QUARTER OF 2020

The Covid-19 infection has since mid-January 2020 critically and adversely affected the retail business in Macau, Hong Kong and Mainland China and hence, the Group's business in the First Quarter too, with its lingering negative impact onto the months of April and May. The Group has thus by May 2020 closed down all the Mad for Garlic restaurants, one Bari-Uma restaurant in Hong Kong and one Bari-Uma in Mainland China, all due to its poor performance. And the Group's investment property in Macau has generated steady rental income in the First Quarter and will continue to be so. The loss attributable to owners of the Company excluding any net fair value gain/loss of the investment properties ("Net Ordinary Operating Loss") was HK$63.8 million, as against a Net Ordinary Operating Loss of some HK$17.6 million for the same quarter of 2019.

Under the social distancing orders of local governments in Macau, Hong Kong and other cities, most of the Group's restaurants were for some time to cater for limited numbers of customers and/or to open for limited business hours, such that the Group has sustained considerable loss in revenue in the months of April and May as well as in early June. The Board is therefore to give an alert on the considerable loss of revenue in the second quarter of 2020, which will have negative impact on the Group's business performance in that quarter.

There are signs of improvement on the scale of Covid-19 infection by the end of May, and business has started to improve slightly with some relaxation of the social distancing orders. Hopefully, the Group's business will eventually improve more when the social distancing orders are further relaxed and gradually removed, with visitors to be ultimately allowed to freely visit Macau and Hong Kong. With the US and China relationship recently being tensed up and the civil unrest in Hong Kong also being recently resumed, management expects that the operating environment of the Group in the second and third quarters of 2020 may still be very challenging.

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, 16 June 2020

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.