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

(Incorporated in Bermuda with limited liability)

(Stock Code: 703)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2020	2019	*Change*
	(Unaudited)	(Unaudited)	
	HK$'000	*HK$'000*	*%*
Turnover	**200,224**	563,527	-64.5%
Gross margin	**138,277**	394,492	-64.9%
Gross operating (loss)/profit	**(58,795)**	59,870	N/A
(Negative)/positive EBITDA	**(21,686)**	64,308	N/A
Loss attributable to owners of the Company	**(110,352)**	(69,705)	+58.3%
Net Ordinary Operating Loss	**(104,192)**	(49,447)	+110.7%
Basic loss per share	**HK(15.89) cents**	HK(10.03) cents	+58.4%
Special interim dividend per share	**Nil**	Nil	N/A

	As at 30 June 2020	As at 31 December 2019	*Change*
	(Unaudited)	(Audited)	
	HK$'000	*HK$'000*	*%*
Total assets	**1,380,565**	1,737,395	-20.5%
Net assets	**530,544**	641,727	-17.3%
Net assets per share	**HK$0.764**	HK$0.924	-17.3%
Gearing ratio	**141.4%**	130.0%	+11.4%
Total assets/total liabilities ratio	**1.62**	1.59	+1.9%

* *For identification purpose only*

INTERIM RESULTS

The Directors of Future Bright Holdings Limited are pleased to announce the unaudited consolidated interim results of the Group for the six months ended 30 June 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2020

		Six months ended 30 June	
		2020	2019
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Turnover	*7*	**200,224**	563,527
Cost of sales		**(61,947)**	(169,035)
Gross margin		**138,277**	394,492
Direct operating expenses		**(197,072)**	(334,622)
Gross operating (loss)/profit		**(58,795)**	59,870
Other revenue		**10,530**	6,636
Other gains and losses		**23,588**	(20,572)
Administrative expenses		**(72,023)**	(97,330)
Share of loss of a joint venture		**(1,574)**	(100)
Finance costs	*9*	**(17,236)**	(15,183)
Loss before income tax	*8*	**(115,510)**	(66,679)
Income tax credit/(expense)	*10*	**2,353**	(2,088)
Loss for the period		**(113,157)**	(68,767)
Other comprehensive income/(loss), net of tax			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**1,974**	(742)
Total comprehensive loss for the period		**(111,183)**	(69,509)
(Loss)/profit attributable to:			
Owners of the Company		**(110,352)**	(69,705)
Non-controlling interests		**(2,805)**	938
		(113,157)	(68,767)
Total comprehensive (loss)/income attributable to:			
Owners of the Company		**(108,378)**	(70,447)
Non-controlling interests		**(2,805)**	938
		(111,183)	(69,509)
Loss per share			
– Basic and diluted (HK cents per share)	*12*	**(15.89)**	(10.03)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Notes	30 June 2020 (Unaudited) HK$'000	31 December 2019 (Audited) HK$'000
Non-current assets			
Property, plant and equipment	13	**279,826**	315,150
Right-of-use assets	13	**192,620**	303,260
Investment properties	14	**553,000**	560,000
Goodwill		**81,781**	81,781
Other intangible assets	13	**17,826**	19,886
Prepayments and deposits	15	**36,981**	41,827
Interest in a joint venture		**4,244**	5,818
Total non-current assets		**1,166,278**	1,327,722
Current assets			
Inventories		**39,002**	46,818
Trade and other receivables	15	**51,283**	74,266
Financial assets at fair value through profit or loss		**43**	58
Restricted bank deposits		**24,239**	27,155
Cash and cash equivalents		**99,720**	261,376
Total current assets		**214,287**	409,673
Total assets		**1,380,565**	1,737,395
Current liabilities			
Amount due to a joint venture		**5,610**	5,766
Trade and other payables	16	**122,731**	192,501
Lease liabilities		**84,683**	126,980
Current tax liabilities		**42,545**	44,353
Interest bearing borrowings	17	**89,087**	114,381
Non-interest bearing borrowings		**1,388**	1,388
Total current liabilities		**346,044**	485,369
Net current liabilities		**(131,757)**	(75,696)
Total assets less current liabilities		**1,034,521**	1,252,026

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – Continued

AS AT 30 JUNE 2020

	Notes	**30 June 2020 (Unaudited)** ***HK$'000***	31 December 2019 (Audited) *HK$'000*
Non-current liabilities			
Lease liabilities		**148,649**	258,219
Interest bearing borrowings	*17*	**315,198**	311,110
Deferred tax liabilities		**34,701**	35,541
Non-interest bearing borrowings		**5,429**	5,429
Total non-current liabilities		**503,977**	610,299
Total liabilities		**850,021**	1,095,668
NET ASSETS		**530,544**	641,727
Capital and reserves attributable to owners of the Company			
Share capital		**69,430**	69,430
Reserves		**480,399**	588,777
Equity attributable to owners of the Company		**549,829**	658,207
Non-controlling interests		**(19,285)**	(16,480)
TOTAL EQUITY		**530,544**	641,727

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

1. GENERAL INFORMATION

Future Bright Holdings Limited is a public limited company incorporated in Bermuda. Its shares are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. 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 sales of food and catering, sales of food souvenir and property investment.

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34"), issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure provisions of Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. These condensed consolidated interim financial statements were authorised for issue on 28 August 2020.

These condensed consolidated interim financial statements have been prepared with the same accounting policies adopted in the 2019 annual financial statements, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2020. Details of any changes in accounting policies are set out in note 4. The adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRS"s) has no material effect on these condensed consolidated interim financial statements. The Group has not early adopted any new and revised HKFRSs that have been issued but not yet effective in the current accounting period.

The preparation of these condensed consolidated interim financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 5.

In preparing the Group's condensed consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group has incurred a loss of approximately Hong Kong Dollar ("HK$") 113,157,000 and at the end of reporting period, its current liabilities exceeded its current assets by approximately HK$131,757,000. In order to strengthen the Group's liquidity in the foreseeable future, the directors of the Company have taken measures including closing down under-performing restaurants; and implementing various cost control measures, in order to tighten the costs of operations.

In addition, taking into account a number of sources of finance available to fund its operations including government subsidies and future operating cash inflows; and the unutilised available bank facilities of approximately HK$56,411,000 as at 30 June 2020, the directors believe the that there are sufficient financial resources available to the Group to meet its liabilities as and when they fall due. Accordingly, the financial statements have been prepared on a going concern basis.

These condensed consolidated interim financial statements are presented in HK$, unless otherwise stated. These condensed consolidated interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the group since the 2019 annual financial statements. These condensed consolidated interim financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRSs") and should be read in conjunction with the 2019 consolidated financial statements.

2. BASIS OF PREPARATION – Continued

These condensed consolidated interim financial statements are unaudited, but has been reviewed by BDO Limited in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the HKICPA. BDO Limited's independent review report to the Board of Directors is included in 2020 interim report.

3. SIGNIFICANT EVENTS

The World Health Organisation declared Covid-19 as global health emergency on 30 January 2020. Since then, the Group has experienced significant disruption to its operations in the following respects:

Decrease in revenue and cashflows, including impairment of assets

The Covid-19 pandemic and the subsequent social distancing orders as well as the travel restrictions imposed in Macau, Mainland China, Hong Kong and Taiwan have directly affected the operation of the Group. The Group temporarily closed down its restaurants for a certain period of time during the period due to various social distancing orders and mandatory government quarantine measures.

The Group updated its recoverability test of the carrying value of certain restaurants. In performing its review of recoverability, the Group estimated the discounted future cash flows expected to result from the use of the assets and determined that as the recoverable amounts of certain restaurants are lower than the respective carrying value, impairment was provided for these restaurants as disclosed in note 8.

The cash flow estimates used in these reviews are consistent with management's estimated long-term projections, against which various sensitivity analyses have been performed. As these estimates are highly uncertain due to the Covid-19 pandemic, management's estimated cash flows were based on a number of underlying variables and ranges of possible cash flow scenarios.

Rent concessions received from lessors

Due to government policies and social distancing orders, the Group temporarily closed the business of a number of its restaurants and food souvenir shops during the period.

The Group has received rent forgiveness (e.g. reductions in rent contractually due under the terms of lease agreements) as a form of rent concessions from lessors due to being unable to operate for certain periods of time.

As discussed in Note 4, the Group has elected to apply the practical expedient introduced by the amendments to HKFRS 16 to all rent concessions that satisfy the criteria. Most of the rent concessions entered into during the six months ended 30 June 2020 satisfy the criteria to apply the practical expedient.

The application of the practical expedient has resulted in the reduction of total lease liabilities of approximately HK$30,815,000. The effect of this reduction has been recorded as other gains in the period in which the event or condition that triggers those payments occurs.

4. CHANGES IN HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted all the new or amended HKFRSs that are first effective for the current accounting period of the Group. The application of the new or amended HKFRSs that are first effective for the current accounting period has had no impact on the disclosures or on the amounts recognised in the Group's condensed consolidated interim financial statements.

Other than the amendments to HKFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the amendments to HKFRS 16 are discussed below:

Amendments to HKFRS 16: Covid-19-Related Rent Concessions

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the Covid-19 pandemic ("Covid-19-related rent concessions") are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

The Group has elected to early adopt the amendments and applies the practical expedient to all qualifying Covid-19-related rent concessions granted to the Group during the interim reporting period. Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in profit or loss in the period in which the event or condition that triggers those payments occurred (see Note 13(e)). There is no impact on the opening balance of equity at 1 January 2020.

5. USE OF JUDGEMENTS AND ESTIMATES

In preparing this condensed consolidated interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2019 annual financial statements.

However, as disclosed in Note 3, the effects of Covid-19 pandemic have required significant judgments and estimates to be made, including:

(a) Whether rent concessions satisfy the criteria to be accounted for using the practical expedient introduced by the amendments to HKFRS 16;

(b) Calculating the recoverable amount for cash generating units that exhibit indicators of impairment as at the period end, and determining the amount of impairment attributable to the cash generating units; and

(c) Determining which information obtained subsequent to period end provides evidence of conditions that existed as at the end of the reporting period ('adjusting events after the reporting period') and which do not ('non-adjusting events after the reporting period'). For disclosure of non-adjusting events after the reporting period, refer to Note 21.

5. USE OF JUDGEMENTS AND ESTIMATES – Continued

Additionally, while the changes in the following estimates and judgments have not had a material impact on the Group, the effects of Covid-19 pandemic have required revisions to:

– Assessment of the Group's ability to continue as a going concern. Although the Group has experienced downturns during the period, the directors do not consider that there are material uncertainties that cast doubt on the Group's going concern status over the course of the next 12 months. This judgment has been made with consideration of the Group's liquidity position, given the underlying strength of the consolidated statement of financial position and the maturity dates of existing borrowings, the availability of undrawn finance facilities in place, and based on the assumptions and potential scenarios modelled as described in notes 3, alongside the directors' proposed responses to each scenario. Under each scenario, mitigating actions are all within management control, can be initiated as they relate to discretionary spend, and do not impact on the ability to meet demand. No significant structural changes to the business are assumed to be required under each scenario. Under each scenario, after taking mitigating actions as needed, the forecasts indicate that it is appropriate for the going concern basis to be adopted in preparing this announcement, and that there are no material uncertainties over the assumptions underpinning this judgment that are required to be disclosed.

6. SEGMENT REPORTING

(a) Business segments

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

The Group has three 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 catering	–	sales of food and catering in Macau, Mainland China, Hong Kong and Taiwan;
Food souvenir	–	sales of food souvenir, including festival food products; and
Property investment	–	leasing of property

Inter-segment transactions are priced with reference to prices charged to external parties for similar order. 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.

6. SEGMENT REPORTING – Continued

(a) Business segments – Continued

For the six months ended 30 June 2020 are as follows:

	Food and catering (Unaudited) *HK$'000*	Food souvenir (Unaudited) *HK$'000*	Property investment (Unaudited) *HK$'000*	Consolidated (Unaudited) *HK$'000*
Revenue				
Turnover from external customers	**180,943**	**9,769**	**9,512**	**200,224**
Other revenue	**10,475**	**55**	**–**	**10,530**
Reportable segment revenue	**191,418**	**9,824**	**9,512**	**210,754**
Results				
Reportable segment loss before tax and non-controlling interests	**(101,451)**	**(5,102)**	**(2,710)**	**(109,263)**

As at 30 June 2020

	Food and catering (Unaudited) *HK$'000*	Food souvenir (Unaudited) *HK$'000*	Property investment (Unaudited) *HK$'000*	Consolidated (Unaudited) *HK$'000*
Reportable segment assets*	**731,396**	**70,445**	**575,989**	**1,377,830**
Reportable segment liabilities	**538,580**	**18,287**	**291,230**	**848,097**
Reportable segment net assets	**192,816**	**52,158**	**284,759**	**529,733**

* As at 30 June 2020, food and catering and food souvenir segment assets included cash and bank balances of approximately HK$97,693,000 (31 December 2019: HK$252,802,000) and HK$1,370,000 (31 December 2019: HK$5,924,000) respectively, while property investment segment assets included cash and bank balances of approximately HK$156,000 (31 December 2019: HK$414,000), and investment properties of approximately HK$553,000,000 (31 December 2019: HK$560,000,000).

6. SEGMENT REPORTING – Continued

(a) Business segments – Continued

Other information

	Food and catering *HK$'000*	Food souvenir *HK$'000*	Property investment *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
For the six months ended 30 June 2020 (Unaudited):					
Interest income	**1,106**	**2**	**–**	**–**	**1,108**
Interest expense	**12,465**	**1,015**	**3,754**	**2**	**17,236**
Capital expenditure on property, plant and equipment	**3,048**	**11**	**203**	**–**	**3,262**
Depreciation of property, plant and equipment	**23,191**	**2,564**	**319**	**34**	**26,108**
Depreciation of right-of-use assets	**46,238**	**3,400**	**–**	**210**	**49,848**
Amortisation of other intangible assets	**375**	**257**	**–**	**–**	**632**
Loss on written off of property, plant and equipment	**6,508**	**–**	**–**	**–**	**6,508**
Loss on written off of other intangible assets	**585**	**–**	**–**	**–**	**585**
Fair value loss of investment properties	**–**	**–**	**7,000**	**–**	**7,000**
Fair value loss on financial assets at fair value through profit or loss	**–**	**–**	**–**	**15**	**15**
Impairment loss on property, plant and equipment	**5,737**	**–**	**–**	**–**	**5,737**
Impairment loss on other intangible assets	**808**	**–**	**–**	**–**	**808**
Impairment loss on right-of-use assets	**4,314**	**–**	**–**	**–**	**4,314**
Gain on disposal of a subsidiary	**5,649**	**–**	**–**	**–**	**5,649**
Gain on lease modification	**14,557**	**3,676**	**–**	**–**	**18,233**
Share of loss of a joint venture	**1,574**	**–**	**–**	**–**	**1,574**
Rent concessions	**26,739**	**4,076**	**–**	**–**	**30,815**
Income tax credit	**1,513**	**–**	**840**	**–**	**2,353**
As at 30 June 2020 (Unaudited):					
Interest in a joint venture	**4,244**	**–**	**–**	**–**	**4,244**

6. SEGMENT REPORTING – Continued

(a) Business segments – Continued

The segment revenue and results for the six months ended 30 June 2019 are as follows:

	Food and catering (Unaudited) *HK$'000*	Food souvenir (Unaudited) *HK$'000*	Property investment (Unaudited) *HK$'000*	Inter-segment elimination (Unaudited) *HK$'000*	Consolidated (Unaudited) *HK$'000*
Revenue					
Turnover from external customers	525,039	38,488	–	–	563,527
Inter-segment revenue	–	–	1,405	(1,405)	–
Other revenue	6,600	14	22	–	6,636
Reportable segment revenue	531,639	38,502	1,427	(1,405)	570,163
Results					
Reportable segment loss before tax and non-controlling interests	(22,516)	(11,476)	(25,445)	–	(59,437)

As at 31 December 2019

	Food and catering (Audited) *HK$'000*	Food souvenir (Audited) *HK$'000*	Property investment (Audited) *HK$'000*	Consolidated (Audited) *HK$'000*
Reportable segment assets*	1,049,759	105,684	578,364	1,733,807
Reportable segment liabilities	740,152	59,584	293,475	1,093,211
Reportable segment net assets	309,607	46,100	284,889	640,596

6. SEGMENT REPORTING – Continued

(a) Business segments – Continued

Other information

	Food and catering *HK\$'000*	Food souvenir *HK\$'000*	Property investment *HK\$'000*	Unallocated *HK\$'000*	Consolidated *HK\$'000*
For the six months ended 30 June 2019 (Unaudited):					
Interest income	64	1	21	–	86
Interest expense	10,383	787	3,994	19	15,183
Capital expenditure on property, plant and equipment	33,780	845	–	–	34,625
Addition of right-of-use assets	990	895	–	–	1,885
Capital expenditure on investment property under construction reclassified as assets of a disposal group classified as held for sale	–	–	5,057	–	5,057
Depreciation of property, plant and equipment	32,374	3,228	305	37	35,944
Depreciation of right-of-use assets	67,594	11,057	–	523	79,174
Amortisation of other intangible assets	461	225	–	–	686
Loss on written off of property, plant and equipment	1,619	61	–	–	1,680
Fair value loss of investment properties	–	–	24,000	–	24,000
Fair value gain on an investment property under construction reclassified as assets of a disposal group classified as held for sale	–	–	4,670	–	4,670
Fair value loss on financial assets at fair value through profit or loss	–	–	–	50	50
Impairment loss on trade receivable	57	–	–	–	57
Share of loss of joint venture	100	–	–	–	100
Income tax (expense)/credit	(3,801)	–	1,713	–	(2,088)
As at 31 December 2019 (Audited):					
Interest in a joint venture	5,818	–	–	–	5,818

6. SEGMENT REPORTING – Continued

(b) Reconciliation of reportable segment revenue, other revenue and other gains and losses, profit and loss

	Six months ended 30 June **2020** **(Unaudited)** ***HK$'000***	2019 (Unaudited) *HK$'000*
Revenue		
Reportable segment revenue	**210,754**	570,163
Other revenue	**(10,530)**	(6,636)
Consolidated revenue	**200,224**	563,527
Loss before income tax expense		
Reportable segment loss	**(109,263)**	(59,437)
Other gains and losses	**761**	(501)
Fair value loss on financial assets at fair value through profit or loss	**(15)**	(50)
Corporate payroll expenses	**(3,510)**	(4,196)
Unallocated expenses	**(3,483)**	(2,495)
Loss before income tax expense	**(115,510)**	(66,679)

(c) Geographical information

The Group's operations are located in Macau, Mainland China, Hong Kong and Taiwan, while Macau is the place of domicile of the Company. The following table provides an analysis of the Group's revenue from external customers and non-current assets (other than financial assets).

	Revenue from external customers		**Non-current assets**	
	Six months ended 30 June 2020 (Unaudited) ***HK$'000***	Six months ended 30 June 2019 (Unaudited) *HK$'000*	**As at 30 June 2020 (Unaudited)** ***HK$'000***	As at 31 December 2019 (Audited) *HK$'000*
Macau	**112,829**	380,941	**977,823**	1,088,144
Mainland China	**20,183**	52,422	**48,287**	70,161
Hong Kong	**61,543**	114,077	**103,187**	126,761
Taiwan	**5,669**	16,087	**–**	829
	200,224	563,527	**1,129,297**	1,285,895

7. TURNOVER

Turnover represented sales of food and catering, sales of food souvenir and gross rental income from investment properties. The amounts of each significant category of revenue recognised in turnover during the reporting period were disaggregated as follows:

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue from contracts with customers under HKFRS15		
Sales of food and catering	**180,943**	525,039
Sales of food souvenir	**9,769**	38,488
	190,712	563,527
Revenue from other source		
Rental income from investment properties	**9,512**	–
	200,224	563,527
By timing of revenue recognition under HKFRS15		
At a point in time	**190,712**	563,527

The Group did not have any contract asset and contract liability as at 31 December 2019 and 30 June 2020.

8. LOSS BEFORE INCOME TAX EXPENSE

Loss before income tax expense is arrived at after charging/(crediting):

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Costs of inventories recognised as expenses	**61,714**	169,035
Direct operating expenses recognised from investment properties during the period	**233**	–
Cost of sales	**61,947**	169,035
Employee costs	**134,090**	210,995
Depreciation of property, plant and equipment	**26,108**	35,944
Depreciation of right-of-use assets	**49,848**	79,174
Fair value loss on investment properties	**7,000**	24,000
Fair value gain on investment property under construction reclassified as assets of a disposal group classified as held for sale	**–**	4,670
Contingent rental expenses	**3,752**	6,312
Amortisation of other intangible assets	**632**	686
Auditor's remuneration	**460**	550
Imputed interest on lease liabilities	**10,221**	7,453
Gain on lease modification	**(18,233)**	–
Gain on disposal of a subsidiary	**(5,649)**	–
Loss on written off of property, plant and equipment	**6,508**	1,680
Loss on written off of other intangible assets	**585**	–
Impairment loss on other intangible assets	**808**	
Impairment loss on trade receivables	**–**	57
Impairment loss of property, plant and equipment	**5,737**	–
Impairment loss of right-of-use assets	**4,314**	–
Rent concessions	**(30,815)**	–

9. FINANCE COSTS

	Six months ended 30 June **2020** (Unaudited) *HK$'000*	Six months ended 30 June 2019 (Unaudited) *HK$'000*
Imputed interest on lease liabilities	**10,221**	7,453
Interest on interest bearing borrowings:		
– Repayable within five years	**2,889**	3,412
– Repayable over five years	**4,126**	4,318
	17,236	15,183

10. INCOME TAX (CREDIT)/EXPENSE

The amount of income tax (credit)/expense in the condensed consolidated statement of comprehensive income represents:

	Six months ended 30 June **2020** (Unaudited) *HK$'000*	Six months ended 30 June 2019 (Unaudited) *HK$'000*
Current tax:		
– Macau Complementary Income Tax	**(1,404)**	4,168
– Hong Kong Profits Tax	**(109)**	(367)
Deferred tax charge for the reporting period	**(840)**	(1,713)
Income tax (credit)/expense	**(2,353)**	2,088

Macau Complementary Income Tax is calculated at the progressive rate on the estimated assessable profits for the reporting period. The maximum tax rate was 12% for the six months ended 30 June 2020 and 2019.

Mainland China Enterprise Income Tax ("EIT") is calculated at rate of 25% (2019: 25%). No provision for EIT has been made during the reporting period as the Mainland China subsidiaries have had no assessable profits for EIT for the six months ended 30 June 2020 and 2019.

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for those subsidiaries of the Group which are qualifying entities under the two-tiered profits tax rates regime. The first HK$2,000,000 (2019: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

11. DIVIDENDS

The Directors decided not to declare any interim dividend during the six months ended 30 June 2020 and 2019.

Dividends payable to owners of the Company attributable to the previous financial years, which have been approved and paid during the reporting period, are as follows:

	Six months ended 30 June **2020** (Unaudited) *HK$'000*	Six months ended 30 June 2019 (Unaudited) *HK$'000*
Special final dividend of nil (2019: HK1 cent) per ordinary share	**–**	6,943

12. LOSS PER SHARE

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

(a) Basic loss per share

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss for the reporting period attributable to owners of the Company	**(110,352)**	(69,705)
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of basic loss per share	**694,302,420**	694,302,420
Basic loss per share (HK cents)	**(15.89)**	(10.03)

(b) Diluted loss per share

The amounts of diluted loss per share for the six months ended 30 June 2020 and 2019 were the same as basic loss per share as there were no dilutive potential ordinary shares in existence during the six months ended 30 June 2020 and 2019.

13. PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND OTHER INTANGIBLE ASSETS

(a) During the six months ended 30 June 2020, the Group acquired items of property, plant and equipment at a total cost of approximately HK$3,262,000 (Six months ended 30 June 2019: HK$34,625,000).

(b) During the six months ended 30 June 2020, the Group wrote off items of property, plant and equipment at net book value of approximately HK$6,508,000 (Six months ended 30 June 2019: HK$1,680,000).

(c) During the six months ended 30 June 2020, management of the Group has provided impairment loss on property, plant and equipment of approximately of HK$5,737,000 (Six months ended 30 June 2019: nil).

(d) During the six months ended 30 June 2020, management of the Group has provided impairment loss of approximately HK$4,314,000 (Six months ended 30 June 2019: nil) and recognised a reduction due to lease modification of approximately HK$55,639,000 (Six months ended 30 June 2019: nil) on right-of-use assets.

(e) During the six months ended 30 June 2020, the Group received rent concessions of approximately HK$30,815,000 (Six months ended 30 June 2019: nil) in the form of a discount on fixed payments during the period of severe social distancing and travel restriction measures introduced to contain the spread of Covid-19 pandemic.

13. PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND OTHER INTANGIBLE ASSETS – Continued

(f) During the six months ended 30 June 2020, the Group has recognised a gain on lease modification of approximately HK$18,233,000 (Six months ended 30 June 2019: nil).

(g) During the six months ended 30 June 2020, the Group wrote off other intangible assets at net book value of HK$585,000 (Six months ended 30 June 2019: nil).

(h) During the six months ended 30 June 2020, management of the Group has provided impairment loss on other intangible assets of approximately of HK$808,000 (Six months ended 30 June 2019: nil).

14. INVESTMENT PROPERTIES

	Investment properties *HK$'000* *(Note)*
Fair Value	
At 1 January 2019 (audited)	**505,000**
Transferred from property, plant and equipment (audited)	**78,000**
Fair value loss (audited)	**(23,000)**
At 31 December 2019 (audited)	**560,000**
Fair value loss (unaudited)	**(7,000)**
At 30 June 2020 (unaudited)	**553,000**

The fair values of the Group's investment properties at 30 June 2020 and 31 December 2019 have been arrived at on market value basis carried out by Jones Lang Lasalle Corporate Appraisal and Advisory Limited, an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment properties being valued.

15. TRADE AND OTHER RECEIVABLES

	30 June 2020 (Unaudited) *HK$'000*	31 December 2019 (Audited) *HK$'000*
Current portion		
Trade receivables	**18,059**	29,797
Prepayments and deposits	**31,577**	40,424
Other receivables	**1,647**	4,045
Total	**51,283**	74,266
Non-current portion		
Prepayments and deposits	**36,981**	41,827

15. TRADE AND OTHER RECEIVABLES – Continued

The Group's sales to customers are mainly on a cash and credit card settlement. Trade 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.

The ageing analysis of trade receivables based on invoice date (net of impairment losses) is as follows:

	30 June 2020 (Unaudited) ***HK$'000***	31 December 2019 (Audited) *HK$'000*
0 to 90 days	**11,711**	25,861
91 days to 365 days	**6,348**	3,914
Over 365 days	**–**	22
Total	**18,059**	29,797

16. TRADE AND OTHER PAYABLES

	30 June 2020 (Unaudited) ***HK$'000***	31 December 2019 (Audited) *HK$'000*
Trade payables	**39,724**	73,305
Accruals and provision	**40,005**	69,705
Construction and other payables	**43,002**	49,491
Total	**122,731**	192,501

The Group's trade payable mainly represent the payable for purchase of food and beverages. The credit terms granted from those vendors are 30 days to 90 days from the purchases made. The credit terms may vary from different vendors, the ageing based on the credit terms specified by different vendors and the Group's own prior repayment experiences.

Included in trade payables are trade creditors with the following ageing analysis, based on invoice dates as of the end of the reporting period:

	30 June 2020 (Unaudited) ***HK$'000***	31 December 2019 (Audited) *HK$'000*
Within 90 days	**37,837**	68,540
91 days to 180 days	**343**	1,221
181 days to 365 days	**720**	444
More than 365 days	**824**	3,100
Total	**39,724**	73,305

17. INTEREST BEARING BORROWINGS

	30 June 2020 (Unaudited) *HK$'000*	31 December 2019 (Audited) *HK$'000*
Secured bank loan *(note a)*	**7,000**	7,000
Secured bank overdrafts *(note b)*	**40,337**	35,991
Mortgage loans *(notes c and d)*	**345,114**	356,000
Unsecured bank loan *(note e)*	**11,834**	26,500
Total interest bearing borrowings	**404,285**	425,491
Carrying amount repayable:		
On demand or within one year	**89,087**	114,381
More than one year, but not exceeding two years	**72,405**	80,049
More than two years, but not exceeding five years	**233,368**	140,499
More than five years	**9,425**	90,562
	404,285	425,491
Amount due within one year included in current liabilities	**(89,087)**	(114,381)
	315,198	311,110

Notes:

(a) As at 30 June 2020, the Group had one (31 December 2019: one) secured bank loan of approximately HK$7,000,000 (31 December 2019: HK$7,000,000), with maximum facility of HK$7,000,000. It bears interest at higher of 1-month Hong Kong Inter-Bank Offered Rate ("HIBOR") and London Inter-Bank Offered Rate ("LIBOR") plus 1.8% per annum. The loan is secured by restricted bank deposit of HK$5,000,000.

(b) As at 30 June 2020, the Group had two (31 December 2019: one) secured bank overdrafts of approximately HK$40,337,000 (31 December 2019: HK$35,991,000), including:

(i) a bank overdraft of approximately HK$38,835,000 (31 December 2019: HK$35,991,000) with no unutilised facility (31 December 2019: approximately MOP2,929,000 (equivalent to approximately to HK$2,844,000)) which is repayable in April 2021. It bears interest at the prime rate less 2.5% per annum and is secured by certain investment properties. Such overdraft facility also carries a covenant which requires that Mr. Chan and his associates have to hold not less than 37% (31 December 2019: 37%) equity interest holding of the Company.

(ii) a bank overdraft of approximately HK$1,502,000 (31 December 2019: nil) with unutilised facility of approximately MOP1,453,000 (approximately HK$1,411,000) (31 December 2019: nil) which is repayable in March 2021. It bears interest at the prime rate less 1.75% per annum and is secured by certain investment properties of the Group (note 14).

17. INTEREST BEARING BORROWINGS – Continued

Notes: – Continued

(c) As at 30 June 2020, the Group had five (31 December 2019: five) mortgage loans of HK$345,114,000 (31 December 2019: HK$356,000,000), including:

(i) a mortgage loan of approximately HK$60,461,000 (31 December 2019: HK$61,747,000) which is repayable within 15 years from 2011 and bears interest at 1-month HIBOR plus 2.75% per annum. This mortgage loan is secured by certain investment properties of the Group (note 14);

(ii) a mortgage loan of approximately HK$29,307,000 (31 December 2019: HK$30,026,000) which is repayable within 7 years from 2016 and bears interest at the prime rate less 2.7% per annum. This mortgage loan is secured by certain investment properties of the Group (note 14);

(iii) a mortgage loan of approximately HK$13,200,000 (31 December 2019: HK$13,500,000) which is repayable within 5 years from 2017, bears interest at HIBOR plus 2.0% per annum and is secured by certain land and building of the Group;

(iv) a mortgage loan of approximately HK$146,960,000 (31 December 2019: HK$153,640,000) with unutilised facility of approximately HK$55,000,000 (31 December 2019: HK$55,000,000). This mortgage bank loan is repayable within 5-7 years from 3 months from the date of drawdown, bears interest at 1.8% per annum over HIBOR, and is secured by certain land and building of the Group; and

(v) a mortgage loan of approximately HK$95,186,000 (31 December 2019: HK$97,087,000) without unutilised facility (31 December 2019: nil). The loan is repayable within 5 years from December 2018 bears interest at prime rate less 2.25% per annum and is secured certain investment properties of the Group (note 14).

(d) As at 30 June 2020, four (31 December 2019: four) mortgage loans (mentioned in note c (i), (ii), (iv) and (v)) totalling approximately HK$331,914,000 (31 December 2019: HK$342,500,000) carries with a covenant that Mr. Chan and his associates have to hold not less than 37% (31 December 2019: 37%) equity interest holding of the Company.

(e) As at 30 June 2020, the Group had one (31 December 2019: one) unsecured bank loan of approximately HK$11,834,000 (31 December 2019: HK$26,500,000) which is repayable within 5 years from 2016. It bears interest at the prime rate less 1.5% per annum and carries a covenant with that Mr. Chan and his associates have to hold not less than 37% (31 December 2019: 37%) equity interest holding of the Company.

18. DISPOSAL OF A SUBSIDIARY

During the six months ended 30 June 2020, the Group entered into an agreement to dispose the entire equity interests in its wholly subsidiary namely Bright Fame Restaurant Limited at a cash consideration of HK$100. The disposal was completed on 7 May 2020 and the Group recognised a gain on disposal of a subsidiary of approximately HK$5,649,000.

	Note	**Six months ended 30 June 2020 (Unaudited)** ***HK$'000***
Net liabilities disposed of:		
Trade and other receivables		**6,619**
Cash and cash equivalents		**84**
Trade and other payables		**(1,258)**
Lease liabilities		**(11,094)**
		(5,649)
Gain on disposal of a subsidiary	8	**5,649**
		–
Satisfied by:		
Cash		**–**

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follow:

	Six months ended 30 June 2020 (Unaudited) ***HK$'000***
Cash consideration	**–**
Cash and cash equivalent disposed of	**(84)**
	(84)

19. SIGNIFICANT RELATED PARTY TRANSACTIONS

During the reporting period, save as disclosed elsewhere in these interim condensed consolidated financial statements, the Group had the following significant transactions with related parties:

(a) During the six months ended 30 June 2020, the Group received management fee income of HK$934,000 (six months ended 30 June 2019: HK$1,900,000) on a reimbursement of expense sharing basis from several companies in which a director of the Company is also a director and holds an ultimate non-controlling interest of such companies.

(b) During the six months ended 30 June 2020, the Group paid rental of HK$240,000 (six months ended 30 June 2019: HK$1,800,000) to Mr. Chan Chak Mo ("Mr. Chan"), to lease a shop premise located at a Em Macau, Patio Da Ameaca No. 1-A, Res-do-Chao A com Sobreloja, Macau with a gross floor area of approximately 74 square meters, under the lease agreement dated of 29 August 2014 and a series of supplementary agreements entered in 2015, 2017, 2018 and 2019 between Mr. Chan (as landlord) and Bright Elite Gourmet Company Limited, a subsidiary of the Company (as tenant), with the latest maturity date on 30 September 2020.

(c) During the six months ended 30 June 2020, the Group paid promotion expenses of approximately HK$131,000 (equivalent to MOP135,000) (six months ended 30 June 2019: HK$131,000) to Mr. Chan under the media advertising agreement ("LED Advertisement Agreement") dated 23 August 2018 between Mr. Chan and FB Group Enterprises Management Company Limited ("FBG"), a subsidiary of the Company where FBG had been provided an advertising services in Macau for a term of one year commencing from 1 September 2019 to 31 August 2020 at an annual consideration of MOP270,000. On 20 August 2019, Mr. Chan and FBG have renewed this LED Advertising agreement for another one year from 1 September 2019 to 31 August 2020 for the same annual consideration of MOP270,000.

(d) As at 30 June 2020, four (31 December 2019: four) mortgage loans of approximately HK$60,461,000 (31 December 2019: HK$61,747,000), approximately HK$29,307,000 (31 December 2019: HK$30,026,000), approximately HK$146,960,000 (31 December 2019: HK$153,640,000) and approximately HK$95,186,000 (31 December 2019: HK$97,087,000) of the Group contained a covenant that Mr. Chan and his associates had to hold not less than 37% (31 December 2019: 37%) equity interest holding of the Company.

As at 30 June 2020, one (31 December 2019: one) unsecured bank loan of approximately HK$11,834,000 (31 December 2019: HK$26,500,000) and a bank overdraft facility of HK$38,835,000 (31 December 2019: HK$35,991,000) with maximum facility of MOP40,000,000 (equivalent to HK$38,835,000) (31 December 2019: MOP40,000,000) (equivalent to HK$38,835,000) of the Group contained a covenant that Mr. Chan and his associates had to hold not less than 37% (31 December 2019: 37%) equity interest holding of the Company.

19. SIGNIFICANT RELATED PARTY TRANSACTIONS – Continued

(e) Compensation of key management personnel

The remuneration of Directors and other members of key management personnel were as follows:

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Basic salaries and allowance	**9,495**	11,164
Retirement scheme contributions	**27**	27
	9,522	11,191

20. CAPITAL COMMITMENTS

As at 30 June 2020, the Group did not have any capital commitment (2019: Nil).

21. EVENTS AFTER THE REPORTING PERIOD

Following the Covid-19 pandemic in early 2020, a series of precautionary and control measures have been and continued to be implemented in the world, including suspension of school, work from home practice, encouraged social distancing, restrictions and controls over the inbound and outbound travelling and heightening of hygiene and epidemic prevention requirements in the world.

Subsequent to 30 June 2020 and up to now, various travel restrictions and social distancing measures are still in place to contain the spread of the Covid-19 pandemic. In July 2020, the Hong Kong Government has further restricted and extended the social distancing measures in the light of the third wave of Covid-19 pandemic in Hong Kong. Such measures have caused disruption to the Group's restaurants in Hong Kong. In August 2020, the authority of Mainland China has announced the Mainland China individual traveller scheme in Macau to be resumed on 26 August 2020. Yet, the pandemic caused material disruption to the Group's restaurant operations, which adversely affects the Group's business, financial condition and operating performance. The Group has been actively adopting cost control measures including re-prioritising work plans to improve liquidity position, closely monitoring the market situation and timely adjusting the business strategies in view of the development of the pandemic. Up to the date of this announcement, the Group continues to monitor the impacts of the Covid-19 pandemic on the Group's performance.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

In view of the considerable loss incurred by the Group for the Period, the Directors have decided that no interim dividend be declared or paid for the Period (for the six months ended 30 June 2019: nil).

The dividend payout ratios based on the special interim dividend over the loss attributable to owners of the Company for the last three interim periods are as follows:

	For the six months ended 30 June		
	2020	2019	2018
Special interim dividend paid per Share	**Nil**	Nil	HK 1 cent
	%	%	%
Special interim dividend payout ratio (based on the loss attributable to owners of the Company)	**Nil**	Nil	N/A

The dividend payout ratios based on the special interim dividend over the Net Ordinary Operating Loss, for the last three interim periods are as follows:

	For the six months ended 30 June		
	2020	2019	2018
	%	%	%
Special interim dividend payout ratio (based on the Net Ordinary Operating Loss)	**Nil**	Nil	N/A

FINANCIAL REVIEW

Turnover

The turnover of the Group for the Period was approximately HK$200.2 million, representing a decrease of 64.5% as compared to the same period of 2019 of HK$563.5 million. The decrease in turnover was mainly attributable to the turnover drop from the Group's restaurants and food souvenir shops as affected by the Covid-19 pandemic. The Group's restaurants, food industrial catering business and food souvenir business recorded an overall drop of 68.9% in the same store performance in the Period as compared to the same period of 2019. The Group's restaurant chain business has performed in line with the decreased level of visitor inflow to Macau. Further details on the Group's business performance will be set out in the section headed "Chairman's Statement" of 2020 interim report which will be issued in early September 2020.

Turnover of the Group over the last three interim periods are as follows:

	For the six months ended 30 June		
	2020	2019	2018
	HK$'million	*HK$'million*	*HK$'million*
Turnover	**200.2**	563.5	539.6

The Group's turnover from food and catering business generated some HK$180.9 million during the Period, representing a decrease of 65.5%, as compared to the same period of 2019 of HK$525.0 million. The Group's turnover from food souvenir business generated some HK$9.8 million during the Period, representing a decrease of 74.5%, as compared to the same period of 2019 of HK$38.5 million. The Group's property investment business recorded HK$9.5 million during the Period while no income contribution in same the period of 2019.

Below is a table of comparison of the turnover of the first and second quarters of 2020 and 2019:

	2020	Change	2019
	HK$'million	%	*HK$'million*
TURNOVER			
First quarter	**132.2**	-55.3%	295.6
Second quarter	**68.0**	-74.6%	267.9
The Period	**200.2**	-64.5%	563.5

MANAGEMENT DISCUSSION AND ANALYSIS – Continued
FINANCIAL REVIEW – Continued
Turnover – Continued
Below are tables of comparison of turnover of the first and second quarters of 2020 and 2019:

	For the three months ended 31 March		
	2020	Change	2019
	HK$'million	*%*	*HK$'million*
TURNOVER – First quarter			
Restaurants:			
Japanese restaurants	**28.0**	-62.9%	75.5
Chinese restaurants	**17.6**	-61.8%	46.1
Western and other restaurants *(Note 1)*	**8.4**	-62.0%	22.1
Food court counters	**31.5**	-29.5%	44.7
Franchise restaurants *(Note 2)*	**25.9**	-58.6%	62.6
	111.4	-55.6%	251.0
Industrial catering	**2.5**	-80.0%	12.5
Food wholesale	**4.8**	-59.7%	11.9
Food and catering business	**118.7**	-56.9%	275.4
Food souvenir business	**8.8**	-56.4%	20.2
Property investment business	**4.7**	N/A	–
Total	**132.2**	-55.3%	295.6

	For the three months ended 30 June		
	2020	Change	2019
	HK$'million	*%*	*HK$'million*
TURNOVER – Second quarter			
Restaurants:			
Japanese restaurants	**10.6**	-85.3%	72.0
Chinese restaurants	**13.3**	-65.1%	38.1
Western and other restaurants *(Note 1)*	**10.3**	-54.2%	22.5
Food court counters	**9.2**	-76.9%	39.8
Franchise restaurants *(Note 2)*	**15.2**	-73.0%	56.4
	58.6	-74.4%	228.8
Industrial catering	**1.3**	-85.4%	8.9
Food wholesale	**2.3**	-80.7%	11.9
Food and catering business	**62.2**	-75.1%	249.6
Food souvenir business	**1.0**	-94.5%	18.3
Property investment business	**4.8**	N/A	–
Total	**68.0**	-74.6%	267.9

MANAGEMENT DISCUSSION AND ANALYSIS – Continued

FINANCIAL REVIEW – Continued

Turnover – Continued

Below is a table of comparison of the Group's turnover for the six months ended 30 June 2020 and 2019:

	For the six months ended 30 June		
	2020	Change	2019
	HK$'million	%	*HK$'million*
TURNOVER – The Period			
Restaurants:			
Japanese restaurants	**38.6**	-73.8%	147.5
Chinese restaurants	**30.9**	-63.3%	84.2
Western and other restaurants *(Note 1)*	**18.7**	-58.1%	44.6
Food court counters	**40.7**	-51.8%	84.5
Franchise restaurants *(Note 2)*	**41.1**	-65.5%	119.0
	170.0	-64.6%	479.8
Industrial catering	**3.8**	-82.2%	21.4
Food wholesale	**7.1**	-70.2%	23.8
Food and catering business	**180.9**	-65.5%	525.0
Food souvenir business	**9.8**	-74.5%	38.5
Property investment business	**9.5**	N/A	–
Total	**200.2**	-64.5%	563.5

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.

MANAGEMENT DISCUSSION AND ANALYSIS – Continued

FINANCIAL REVIEW – Continued

Turnover – Continued

Details of the Group's same store performance (Note 3) of its restaurants, industrial catering business and food souvenir business in terms of turnover for the first and second quarters of 2020 and 2019 are as follows:

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

	For the three months ended 30 June		
	2020	Change	2019
	HK$'million	*%*	*HK$'million*
SAME STORE TURNOVER – Second quarter			
Restaurants:			
Japanese restaurants	**10.6**	-84.9%	70.3
Chinese restaurants	**13.3**	-61.8%	34.8
Western and other restaurants	**10.3**	-44.3%	18.5
Food court counters	**2.7**	-92.2%	34.6
Franchise restaurants	**12.6**	-52.8%	26.7
	49.5	-73.2%	184.9
Industrial catering	**0.8**	-78.9%	3.8
Restaurants and industrial catering business	**50.3**	-73.3%	188.7
Food souvenir business	**1.0**	-93.3%	14.9
	51.3	-74.8%	203.6

MANAGEMENT DISCUSSION AND ANALYSIS – Continued

FINANCIAL REVIEW – Continued

Turnover – Continued

Details of the Group's same store performance (Note 3) of its restaurants, industrial catering business and food souvenir business in terms of turnover for the six months ended 30 June of 2020 and 2019 are as follows:

	For the six months ended 30 June		
	2020	Change	2019
	HK$'million	%	HK$'million
SAME STORE TURNOVER – The Period			
Restaurants:			
Japanese restaurants	**38.0**	-74.7%	150.2
Chinese restaurants	**29.4**	-65.7%	85.8
Western and other restaurants	**17.9**	-36.7%	28.3
Food court counters	**17.7**	-45.9%	32.7
Franchise restaurants	**26.6**	-75.7%	109.3
	129.6	-68.1%	406.3
Industrial catering	**2.3**	-87.3%	18.1
Restaurants and industrial catering business	**131.9**	-68.9%	424.4
Food souvenir business	**9.2**	-68.6%	29.3
	141.1	-68.9%	453.7

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.

Below is a table of comparison of the turnover of the Group by geographical locations of the first quarter of 2020 and 2019:

	For the three months ended 31 March		
	2020	Change	2019
	HK$'million	%	*HK$'million*
TURNOVER – First quarter			
Macau	**80.4**	-59.8%	200.3
Mainland China	**9.1**	-67.2%	27.8
Hong Kong	**38.7**	-34.0%	58.7
Taiwan	**4.0**	-54.5%	8.8
Total	**132.2**	-55.3%	295.6

MANAGEMENT DISCUSSION AND ANALYSIS – Continued

FINANCIAL REVIEW – Continued

Turnover – Continued

Below is a table of comparison of the turnover of the Group by geographical locations of the second quarter of 2020 and 2019:

	For the three months ended 30 June		
	2020	Change	2019
	HK$'million	*%*	*HK$'million*
TURNOVER – Second quarter			
Macau	**32.4**	-82.1%	180.6
Mainland China	**11.1**	-54.9%	24.6
Hong Kong	**22.8**	-58.8%	55.4
Taiwan	**1.7**	-76.7%	7.3
Total	**68.0**	-74.6%	267.9

Below is a table of comparison of the turnover of the Group by geographical locations of the six months ended 30 June of 2020 and 2019:

	For the six months ended 30 June		
	2020	Change	2019
	HK$'million	*%*	*HK$'million*
TURNOVER – The Period			
Macau	**112.8**	-70.4%	380.9
Mainland China	**20.2**	-61.5%	52.4
Hong Kong	**61.5**	-46.1%	114.1
Taiwan	**5.7**	-64.6%	16.1
Total	**200.2**	-64.5%	563.5

MANAGEMENT DISCUSSION AND ANALYSIS – Continued

FINANCIAL REVIEW – Continued

Gross Margin (the Group's Turnover less Cost of Sales)

The gross margin (being the turnover less cost of sales) of the Group for the Period was about HK$138.3 million, representing a decrease of approximately 64.9% as compared to the same period of 2019 of HK$394.5 million. The gross margin ratio for the Period was about 69.1%, with a decrease of about 0.9% compared to the same period of 2019 of 70.0%. The slight decrease in gross margin was mainly due to the increase in cost of sales for the Period. Gross margins and gross margin ratios of the Group over the last three interim periods are as follows:

	For the six months ended 30 June		
	2020	2019	2018
	HK$'million	*HK$'million*	*HK$'million*
Gross margin	**138.3**	394.5	379.2
Gross margin ratio (Gross margin over turnover)	**69.1%**	70.0%	70.2%

Below is a table of comparison of the gross margins (as described above) of the Group for the first and second quarters of 2020 and 2019:

	2020	Change	2019
	HK$'million	%	*HK$'million*
GROSS MARGIN			
First quarter	**91.7**	-55.7%	206.9
Second quarter	**46.6**	-75.1%	187.6
The Period	**138.3**	-64.9%	394.5

MANAGEMENT DISCUSSION AND ANALYSIS – Continued

FINANCIAL REVIEW – Continued

Gross Operating (Loss)/Profit (the Group's Turnover less Cost of Sales and Direct Operating Costs)

The gross operating loss (being the turnover less cost of sales and direct operating costs) of the Group for the Period was about HK$58.8 million as compared to the same period of gross operating profit of 2019 of HK$59.9 million. The gross operating loss ratio for the Period was about 29.4% as compared to the same period of a gross operation profit ratio of 2019 of 10.6%. The gross operating loss was mainly due to the drop on the Group's turnover in the Period. The gross operating (loss)/profits and gross operating (loss)/profit ratios for the last three interim periods of the Group are as follows:

	For the six months ended 30 June		
	2020	2019	2018
	HK$'million	*HK$'million*	*HK$'million*
Gross operating (loss)/profit	**(58.8)**	59.9	72.3
Gross operating (loss)/profit ratio (Gross operating (loss)/profit over turnover)	**(29.4)%**	10.6%	13.4%

Below is a table of comparison of the gross operating (loss)/profits (as described above) of the Group for the first and second quarters of 2020 and 2019:

	2020	Change	2019
	HK$'million	*%*	*HK$'million*
GROSS OPERATING (LOSS)/PROFIT			
First quarter	**(18.2)**	N/A	38.6
Second quarter	**(40.6)**	N/A	21.3
The Period	**(58.8)**	N/A	59.9

FINANCIAL REVIEW – Continued

EBITDA

The Group's EBITDA after depreciation of right-of-use assets derived under HKFRS 16 for the Period became negative by approximately HK$71.5 million, as compared to the negative EBITDA of the same period in 2019 of HK$14.8 million. The negative EBITDA was mainly attributable to (i) a gross fair value loss of HK$7.0 million derived from the Key Investment Property; (ii) loss on written off of/impairment loss on property, plant and equipment of restaurants of HK$12.2 million and (iii) depreciation of right-of-use assets of HK$49.8 million. The Group's negative EBITDA before taking into account of depreciation of right-of-use assets derived under HKFRS16 was some HK$21.7 million for the Period. The EBITDA ratios for the last three interim periods of the Group are as follows:

	For the six months ended 30 June		
	2020	2019	2018
	HK$'million	*HK$'million*	*HK$'million*
(Negative)/positive EBITDA	**(21.7)**	64.3	37.3
(Negative)/positive EBITDA against turnover ratio	**(10.8)%**	11.4%	6.9%

Net Loss

The loss attributable to owners of the Company for the Period was approximately HK$110.3 million, representing an increase of some 58.2%, as compared to the same period of 2019 of approximately HK$69.7 million. The loss for the Period was mainly attributable to (i) a loss attributable to owners of the Group's food souvenir business of some HK$4.1 million, (ii) a loss attributable to owners of the Group's food and catering business of some HK$98.7 million (which included the loss from written off of/impairment loss on property, plant and equipment of some HK$12.2 million derived mainly from the closure of the Group's restaurants, and impairment loss on right-of-use assets of some HK$4.3 million); and (iii) the net fair value loss of some HK$6.2 million derived from its Key Investment Property.

The loss attributable to owners of the Company and loss attributable to owners of the Company against turnover ratios for the last three interim periods of the Group are as follows:

	For the six months ended 30 June		
	2020	2019	2018
	HK$'million	*HK$'million*	*HK$'million*
Loss attributable to owners of the Company	**(110.3)**	(69.7)	(14.9)
Loss attributable to owners of the Company against turnover ratio	**(55.1)%**	(12.4)%	(2.8)%

FINANCIAL REVIEW – Continued

Net Loss – Continued

The Net Ordinary Operating Loss (being the loss attributable to owners of the Company before taking into account any net fair value (losses)/gains of its investment properties) for the Period was at a loss of approximately HK$104.1 million, representing an increase of 110.7%, as compared to the same period of 2019 of approximately HK$49.4 million. Set out below are the Net Ordinary Operating Loss and Net Ordinary Operating Loss ratios (being Net Ordinary Operating Loss against turnover) for the last three interim periods:

	For the six months ended 30 June		
	2020	2019	2018
	HK$'million	*HK$'million*	*HK$'million*
Net Ordinary Operating Loss	**(104.1)**	(49.4)	(27.5)
Net Ordinary Operating Loss against turnover ratio	**(52.0)%**	(8.8)%	(5.0)%

Below is a table of comparison of the results attributable to owners of the Company for the first and second quarters of 2020 and 2019:

	2020	Change	2019
	HK$'million	%	*HK$'million*
LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY			
First quarter	**(63.8)**	+262.5%	(17.6)
Second quarter	**(46.5)**	-10.7%	(52.1)
The Period	**(110.3)**	+58.2%	(69.7)

MANAGEMENT DISCUSSION AND ANALYSIS – Continued

FINANCIAL REVIEW – Continued

Net Loss – Continued

Details of the results attributable to owners of the Company for the first and second quarters of 2020 and 2019 are as follows:

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

	For the three months ended 30 June		
	2020	Change	2019
	HK$'million	%	*HK$'million*
LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY – Second quarter			
Food and catering business	**(39.7)**	+62.0%	(24.5)
Food souvenir business	**(0.3)**	-91.7%	(3.6)
Property investment business	**(3.9)**	-81.0%	(20.5)
Other revenue, corporate payroll and unallocated expenses	**(2.6)**	-25.7%	(3.5)
Total	**(46.5)**	-10.7%	(52.1)

Details of the results attributable to owners of the Company for the six months ended 30 June of 2020 and 2019 are as follows:

	For the six months ended 30 June		
	2020	Change	2019
	HK$'million	%	*HK$'million*
LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY – The Period			
Food and catering business	**(98.7)**	+221.5%	(30.7)
Food souvenir business	**(4.1)**	-49.4%	(8.1)
Property investment business	**(2.0)**	-91.6%	(23.7)
Other revenue, corporate payroll and unallocated expenses	**(5.5)**	-23.6%	(7.2)
Total	**(110.3)**	+58.2%	(69.7)

MANAGEMENT DISCUSSION AND ANALYSIS – Continued

FINANCIAL REVIEW – Continued

Net Loss – Continued

Below are tables of comparison of the results attributable to owners of the Company by geographical locations for the first and second quarters of 2020 and 2019:

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

	For the three months ended 30 June		
	2020	Change	2019
	HK$'million	%	*HK$'million*
(LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY – Second quarter			
Macau	**(53.5)**	+98.1%	(27.0)
Mainland China	**3.1**	N/A	(8.1)
Hong Kong	**(1.8)**	-86.8%	(13.6)
Taiwan	**5.7**	N/A	(3.4)
Total	**(46.5)**	-10.7%	(52.1)

Note: The profit attributable to owners of the Company from Mainland China and Taiwan for the three months ended 30 June 2020 was mainly due to gain from lease modification.

Below is a table of comparison of the results attributable to owners of the Company by geographical locations for the six months ended 30 June of 2020 and 2019:

	For the six months ended 30 June		
	2020	Change	2019
	HK$'million	%	*HK$'million*
(LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY – The Period			
Macau	**(90.6)**	+256.7%	(25.4)
Mainland China	**(13.0)**	-28.6%	(18.2)
Hong Kong	**(9.9)**	-50.0%	(19.8)
Taiwan	**3.2**	N/A	(6.3)
Total	**(110.3)**	+58.2%	(69.7)

Note: The profit attributable to owners of the Company from Taiwan for the six months ended 30 June 2020 was mainly due to gain from lease modification.

FINANCIAL REVIEW – Continued

Loss per Share

Based on the loss attributable to owners of the Company and the number of 694,302,420 shares in issue during the Period, the basic loss per share of the Company for the Period was some HK15.89 cents, representing an increase of about 58.4% as compared to the same period of 2019 at a basic loss per share of HK10.03 cents. The Group's basic loss per share for the last three interim periods are as follows:

	For the six months ended 30 June		
	2020	2019	2018
	HK cents	*HK cents*	*HK cents*
Loss per share – basic	**(15.89)**	(10.03)	(2.15)

The basic loss per share of the Company based on the Net Ordinary Operating Loss for the Period was some HK15.01 cents, representing an increase of about 110.8% as compared to the same period of 2019 of some HK7.12 cents. Below are the basic loss per share based on the Net Ordinary Operating Loss over the last three interim periods:

	For the six months ended 30 June		
	2020	2019	2018
	HK cents	*HK cents*	*HK cents*
Net Ordinary Operating Loss per share – basic	**(15.01)**	(7.12)	(3.96)

Cash Flow

The cash outflow from operating activities of the Group for the Period was approximately HK$86.9 million, as compared to the same period of 2019 of the cash inflow approximately HK$63.7 million. Such cash outflow in the Period was mainly due to the Group's operating loss. The Group's cash inflows from operating activities for the last three interim periods are as follows:

	For the six months ended 30 June		
	2020	2019	2018
	HK$'million	*HK$'million*	*HK$'million*
Cash (outflow)/inflow from operating activities	**(86.9)**	63.7	30.7

Net Current Liabilities

As at 30 June 2020, the Group has recognized on its condensed consolidated statement of financial position a total right-of-use assets of HK$192.6 million, in which lease liabilities payable within one year were HK$84.7 million that were recognized as current liabilities with considerable adverse impact on the Group's net current asset level as shown below. The net current liabilities of the Group as at 30 June 2020 were approximately HK$131.7 million, details of which are set out as follows:

	As at 30 June 2020 *HK$'million*	Change %	As at 31 December 2019 *HK$'million*
Total current assets	**214.3**	-47.7%	409.7
Total current liabilities without current portion of lease liabilities under HKFRS16 and current tax liabilities	**(218.8)**	-30.3%	(314.0)
Net current (liabilities)/assets without current portion of lease liabilities under HKFRS16 and current tax liabilities	**(4.5)**	N/A	95.7
Current portion of lease liabilities under HKFRS16	**(84.7)**	-33.3%	(127.0)
Current tax liabilities (which are tax provisions in nature that may be payable)	**(42.5)**	-4.3%	(44.4)
Net current liabilities	**(131.7)**	+74.0%	(75.7)

The net current liabilities of the Group was considerably attributable to a change of accounting standard under HKFRS 16 "Right-of-use asset" which has considerable impact on the Group's condensed consolidated statement of financial position and on the disclosure requirements for the Group under the Listing Rules. The net current liabilities of the Group as at 30 June 2020 would be proximately HK$47.0 million if the Group's leases are classified as operating leases under the predecessor standard, HKAS 17.

MANAGEMENT DISCUSSION AND ANALYSIS – Continued

FINANCIAL REVIEW – Continued

Net Assets

The net assets of the Group as at 30 June 2020 was approximately HK$530.5 million, representing a decrease of approximately 17.3% as compared to those of HK$641.7 million of 31 December 2019. The decrease in net assets in the Period was mainly attributable to the losses from operations. The net assets of the Group as at 30 June 2020, 31 December 2019 and 30 June 2019 are as follows:

	As at 30 June 2020	As at 31 December 2019	As at 30 June 2019
	HK$'million	*HK$'million*	*HK$'million*
Net assets	**530.5**	641.7	905.0
	HK$	*HK$*	*HK$*
Net assets per share – basic	**0.764**	0.924	1.303

OPERATION REVIEW

Food and Catering Business

Restaurant Chain (self-owned and under franchise)

The Group's operational financials of the Group's food and catering business for the six months ended 30 June of 2020 and 2019 are as follows:

	For the six months ended 30 June		
	2020	Change	2019
	HK$'million	*%*	*HK$' million*
Turnover	**180.9**	-65.5%	525.0
Cost of sales	**(58.5)**	-63.8%	(161.5)
Gross margin	**122.4**	-66.3%	363.5
Direct operating expenses	**(182.3)**	-38.9%	(298.5)
Gross operating (loss)/profit	**(59.9)**	N/A	65.0
Gross operating (loss)/profit margin (%)	**(33.1)%**	N/A	12.3%
Loss attributable to owners of the Company	**(98.7)**	+221.5%	(30.7)

During the six months ended 30 June 2020, the Group's food and catering business contributed some HK$180.9 million turnover representing about 90.3% of turnover of the Group. The decrease in turnover for the Group's food and catering business was mainly attributable to the decreases in sales from its restaurants under the adverse impact of Covid-19 pandemic. More details on this business will be set out in the section headed "Chairman's Statement" of 2020 interim report.

MANAGEMENT DISCUSSION AND ANALYSIS – Continued
OPERATION REVIEW – Continued
Food and Catering Business – Continued
Restaurant Chain (self-owned and under franchise) – Continued
Number of restaurant's analysis for the last three interim periods is listed as follows:

	As at 30 June		
	2020	2019	2018
Number of restaurants			
Japanese restaurants *(Note a)*	**9**	10	12
Chinese restaurants *(Note b)*	**7**	8	9
Western and other restaurants *(Note c)*	**6**	8	10
Food court counters *(Note d)*	**23**	12	4
Franchise restaurants *(Note e)*	**14**	25	26
	59	63	61
Industrial catering *(Note f)*	**2**	3	4
	61	66	65
Total area of self-owned and franchise restaurants (sq.ft.)	**175,156**	226,995	274,043
Turnover per sq.ft.(HK$)	**1,033**	2,312	1,859

Note a: As at 30 June 2020, Japanese restaurants included 6 Edo Japanese Restaurants, 2 Senkizen Japanese Restaurants and 1 Musashi Japanese Restaurants.

Note b: As at 30 June 2020, Chinese restaurants included 1 Turtle Essence, 1 "456" Modern Shanghai Cuisine Restaurant, 2 Shiki Hot Pot Restaurants, 1 Seasons Bright Restaurant, 1 Good Fortune Cantonese Kitchen and 1 Fortune Inn Restaurant.

Note c: As at 30 June 2020, Western and other restaurants included 1 Madeira Portuguese Restaurant, 4 Azores Restaurants and 1 sandwich bar.

Note d: As at 30 June 2020, food court counters included 2 Toei Delights Japanese food court counters, 2 Hundred Taste Kitchen Taiwanese food court counters, 1 Le Sourire food court counter, 1 Hua Xia Chinese food court counter, 1 Azores Express food court counter, 1 Soupot food court counter, 3 "Foodland" food court counters, 1 "Canton Roast" food court counter, 1 Bari-Uma & SinsaEat Korean Kitchen food court counter and 10 food court counters-Food Playground.

Note e: As at 30 June 2020, franchise restaurants included 3 Pacific Coffee shops, and 4 Pepper Lunch, 4 Bari-Uma, 1 Fu-Un-Maru, 1 Mad for Garlic Restaurant and 1 Bistro Seoul Restaurant.

Note f: As at 30 June 2020, industrial catering included 2 student/staff canteens.

Restaurant Chain (self-owned and under franchise) – Continued

Analysis of the number of restaurants and food court counters by geographical locations for the last three interim periods (excluding the joint venture's restaurant) are listed as follows:

	As at 30 June		
	2020	2019	2018
Number of restaurants			
Macau	**24**	27	36
Mainland China	**6**	10	13
Hong Kong	**7**	14	12
Taiwan	**1**	3	–
	38	54	61

	As at 30 June		
	2020	2019	2018
Number of food court counters			
Macau	**11**	11	4
Mainland China	**–**	–	–
Hong Kong	**12**	1	–
Taiwan	**–**	–	–
	23	12	4

Details of Group's restaurants opened and closed during the Period will be set out in the section headed "List of Restaurants/Food Court Counters/Stores" of 2020 interim report.

Industrial Catering

During the Period, the Group's industrial catering business has derived from its operations of providing the 2 canteen services for universities and schools with a turnover of some HK$3.8 million, representing a decrease of 82.2% as compared to the same period of 2019 of HK$21.4 million. The decrease in turnover of industrial catering business was mainly attributable to the decrease in customer visits. More details on the Group's industrial catering business will be set out in the section headed "Chairman's Statement" of 2020 interim report.

Food Wholesale

During the Period, the Group's wholesale business of Japanese food and materials has achieved a turnover of some HK$7.1 million, representing a decrease of 70.2% as compared to the same period of 2019 of HK$23.8 million. The decrease in turnover of food wholesale business was mainly attributable to an overall decrease of sales to customers in the Period. More details on the Group's food wholesale business will be set out in the section headed "Chairman's Statement" of 2020 interim report.

MANAGEMENT DISCUSSION AND ANALYSIS – Continued

OPERATION REVIEW – Continued

Food Souvenir Business

The Group's operational financials of the Group's food souvenir business for the six months ended 30 June of 2020 and 2019 are as follows:

	For the six months ended 30 June		
	2020	Change	2019
	HK$'million	%	*HK$'million*
Turnover	**9.8**	-74.5%	38.5
Cost of sales	**(3.2)**	-55.6%	(7.2)
Gross margin	**6.6**	-78.9%	31.3
Direct operating expenses	**(14.8)**	-59.0%	(36.1)
Gross operating loss	**(8.2)**	+70.8%	(4.8)
Gross operating loss margin (%)	**(83.7)%**	-71.3%	(12.4)%
Loss attributable to owners of the Company	**(4.1)**	-49.4%	(8.1)

During the Period, the Group's food souvenir business has contributed some HK$9.8 million turnover, representing about 4.9% of Group's turnover. The decrease in turnover of the food souvenir business was mainly due to the decrease of number of customers from Yeng Kee bakery shops as affected by Covid-19 pandemic. The food souvenir business was still adversely affected by the high rental expenses and staff costs. Further details of the Group's food souvenir business will be set out in the section headed "Chairman's Statement" of 2020 interim report.

As at 30 June 2020, the Group had 9 (30 June 2019: 12) Yeng Kee bakery shops/kiosks with total area of 5,681 sq.ft. in Macau. Details of Group's food souvenir shops will be set out in the section headed "List of Food Souvenir Shops/Kiosks" of 2020 interim report.

MANAGEMENT DISCUSSION AND ANALYSIS – Continued

OPERATION REVIEW – Continued

Property Investment Business

During the Period, the Group's property investment business has recorded a turnover of some HK$9.5 million (Six months ended 30 June 2019: Nil). The Group's net loss attributable to Group's property investment business was some HK$2.0 million in the Period, as compared to the net loss for the same period of 2019 of HK$23.7 million. Such loss for the period was mainly attributable to a net fair value loss of some HK$6.2 million derived from the Key Investment Property.

The Group's Key Investment Property was valued at HK$553.0 million as at 30 June 2020 (31 December 2019: HK$560.0 million). During the six months ended 30 June 2020, a gross fair value loss of HK$7.0 million (six months ended 30 June 2019: HK$24.0 million) from the Key Investment Property was recognised in the consolidated statement of comprehensive income.

More details on this business will be set out in the section headed "Chairman's Statement" of 2020 interim report.

Logistic Support

The Group has a central kitchen in Hong Kong to cater for its restaurants and food court in Hong Kong to enhance the operation efficiency of the Group's restaurants in Hong Kong. The Group's central food and logistic processing centre in the Macau has become operational. The Group will continue to actively enhance its logistic support including food sourcing and food processing facilities.

LIQUIDITY AND FINANCIAL RESOURCES

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

As at 30 June 2020, the Group had net current liabilities of some HK$131.7 million (as at 31 December 2019: HK$75.7 million). As at 30 June 2020, the Group had restricted bank deposits, bank overdrafts, cash and bank balances totalling of some HK$83.6 million (as at 31 December 2019: HK$252.6 million), while the Group's restricted bank deposits amounted to some HK$24.2 million (as at 31 December 2019: HK$27.2 million), of which HK$5.0 million (as at 31 December 2019: HK$5.0 million) has been pledge to a bank to secure one bank loan and the balance of HK$19.2 million (as at 31 December 2019: HK$22.2 million) has been pledge to a bank for guarantee given in lieu of paying rental deposit.

As at 30 June 2020, the Group had interest-bearing bank loans of some HK$404.3 million (as at 31 December 2019: HK$425.5 million). The Group's borrowings are made in Hong Kong dollars and Macau Patacas. Details of the borrowings are set out in note 17 of "Interest Bearing Borrowings" section to the Financial Statements of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS – Continued

LIQUIDITY AND FINANCIAL RESOURCES – Continued

The Group's gearing ratios represented by the Group's net debt (total liabilities less cash and cash equivalents) to the Group's total equity as at 30 June 2020, 31 December 2019 and 30 June 2019 are as follows:

	As at 30 June 2020 %	As at 31 December 2019 %	As at 30 June 2019 %
Gearing ratio	**141.4**	130.0	122.4

The increase in the Group's gearing ratio as at 30 June 2020 was mainly due to the increase of net debts and the decrease in the Group's total equity.

The Group's ratio of the total assets against the total liabilities of the Group was as at 30 June 2020 at 1.62 (31 December 2019: 1.59).

MATERIAL LITIGATION

As at 30 June 2020, the Group was not involved in any material litigation or arbitration (31 December 2019: Nil).

CONTINUING DISCLOSURE REQUIREMENT UNDER RULE 13.21 OF THE LISTING RULES

In accordance with the requirements of Rule 13.21 of the Listing Rules, the following loans and banking facilities ("Relevant Loan Agreements"), which were in existence during the Period and granted by the Bank of China Limited, Macau Branch and the Hang Seng Bank, Macau Branch ("Lenders") to certain wholly owned subsidiaries of the Company, have the following specific performance covenant of the controlling shareholder(s) of the Company:

(i) Under each of the Relevant Loan Agreements, a specific performance covenant is imposed on Mr. Chan (being the controlling shareholder of the Company) and his associates to hold not less than 37% equity interest in the Company during the term of each of the Relevant Loan Agreements.

(ii) Failure to comply with the aforesaid covenant will constitute an event of default under each of the Relevant Loan Agreements and the Lenders shall have the right to cancel the relevant loan and/or declare all or part of outstanding amounts thereunder, together with accrued interest and all other sums payable, to be immediately due and payable.

CONTINUING DISCLOSURE REQUIREMENT UNDER RULE 13.21 OF THE LISTING RULES – Continued

The Relevant Loan Agreements are as follows:

(i) A bank loan agreement which became effective on 23 November 2010, provides a mortgage loan in an initial aggregate amount of approximately HK$236.8 million (equivalent to approximately MOP243.9 million). This mortgage loan is repayable within 15 years from February 2011 on the terms and conditions therein contained. As at 30 June 2020, the outstanding loan amount was approximately HK$60.5 million (as at 31 December 2019: HK$61.8 million).

(ii) A bank loan agreement which became effective on 29 December 2015, provides an unsecured bank loan with a maximum non-revolving facility of HK$80.0 million. This bank loan is repayable within 5 years from January 2016 on the terms and conditions therein contained. As at 30 June 2020, the outstanding loan amount was approximately HK$11.8 million (as at 31 December 2019: HK$26.5 million).

(iii) A bank loan agreement which became effective on 21 April 2016, provides a mortgage loan in an aggregate amount of approximately HK$60.2 million (equivalent to MOP62.0 million). This mortgage loan is repayable within 7 years from May 2016 on the terms and conditions therein contained. As at 30 June 2020, the outstanding loan amount was approximately HK$29.3 million (as at 31 December 2019: HK$30.0 million).

(iv) A bank facility letter which became effective on 21 April 2016, provides a bank overdraft facility with a maximum facility of approximately HK$38.8 million (equivalent to MOP40.0 million). This bank overdraft has been updated and is repayable in April 2021 on the terms and conditions therein contained. As at 30 June 2020, the outstanding bank overdraft was some HK$38.8 million (as at 31 December 2019: HK$36.0 million).

(v) A banking facility letter which became effective on 15 August 2018, provides a mortgage loan, with 3 tranches in an aggregate amount of approximately HK$222.0 million, pursuant to which two formal loan agreements with the same terms have been entered into. This mortgage loan is repayable within 5-7 years after 3 months from the date of drawdown on the terms and conditions contained therein. As at 30 June 2020, the outstanding loan amount was approximately HK$147.0 million (as at 31 December 2019: HK$153.6 million).

(vi) A bank loan agreement which became effective on 28 December 2018, provides a mortgage loan in an aggregate amount of approximately HK$97.1 million (equivalent to MOP100.0 million). This mortgage loan is repayable within 5 years from December 2018, on the terms and conditions therein contained. As at 30 June 2020, the outstanding loan amount was approximately HK$95.2 million (as at 31 December 2019: HK$97.1 million).

CONTINUING DISCLOSURE REQUIREMENT UNDER RULE 13.21 OF THE LISTING RULES – Continued

As at 30 June 2020, the total outstanding bank loans with the abovementioned specific performance covenant were some HK$382.6 million (as at 31 December 2019: HK$405.0 million). If there is a breach of the abovementioned specific performance covenants by Mr. Chan and his associates, the Lenders will have the right to (i) declare all these loans due to the Lenders thereunder and any other loan documents containing a similar specific performance covenant on Mr. Chan and his associates (together with any sum and accrued interest payable) to become immediately due and payable; and (ii) cancel all other remaining bank facilities thereunder with the Lenders. As at 30 June 2020, Mr. Chan and his associates held 41.31% of the existing issued share capital of the Company. The Company shall continue to comply with its disclosure requirement and reporting obligations under the Listing Rules for so long as circumstances giving rise to such obligation continue to exist.

CHARGES ON GROUP ASSETS

As at 30 June 2020, the Group has pledged its investment properties and freehold land and building in Macau to a bank in Macau to secure three (as at 31 December 2019: three) mortgage loans and two (as at 31 December 2019: one) bank overdraft facilities. The Group has also pledged two leasehold land and buildings in Macau to another bank in Macau to secure two (as at 31 December 2019: two) mortgage loans. The Group has also as at that date pledged a bank deposit in Hong Kong to a bank in Hong Kong to secure one (as at 31 December 2019: one) bank loan. The Group has also as at that date pledged bank deposits to banks in respect of its bank guarantee given, in lieu of paying rental deposit. Other than that, the Group did not have any charges on assets.

Details of the charges on assets are set out in note 17 of "Interest Bearing Borrowings" section to the Financial Statements of this announcement.

CONTINGENT LIABILITIES

As at 30 June 2020, the Group did not have any contingent liabilities (31 December 2019: Nil).

CURRENCY EXPOSURE

As at 30 June 2020, the Group did not have any outstanding hedging instrument. The Group would continue to monitor closely its foreign currency exposure and requirements and to arrange for hedging facilities when necessary.

EMPLOYEES

As at 30 June 2020, the Group has employed a total of 1,417 full time staff (30 June 2019: 2,114), in which 998 (30 June 2019: 1,349) full time staff in Macau, 192 (30 June 2019: 392) full time staff in Mainland China, 202 (30 June 2019: 293) full time staff in Hong Kong and 25 (30 June 2019: 80) full time staff in Taiwan. Remuneration packages including medical plan have been and are regularly reviewed with reference to market terms, individual qualifications, experience, duties and responsibilities. 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 management based on their performance.

USE OF PROCEEDS

On 18 December 2019, the Group completed its disposal to an independent third party for the whole of its development project in Hengqin Island, Zhuhai at the consideration of RMB300 million (equivalent to approximately HK$335.7 million) in cash. The net proceeds from the disposal were some HK$327.1 million. Up to 30 June 2020, the Group has applied HK$154.0 million (up to 31 December 2019: HK$128.4 million) of the net proceeds, details of which are as follows:

	30 June 2020 *HK$'million*	31 December 2019 *HK$'million*
Repayment of bank borrowings	**65.2**	39.6
Working capital	**88.8**	88.8
Total	**154.0**	128.4

DIRECTORS' INTERESTS AND LONG / SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2020, the interests and long/short positions of the Directors and their associates in the shares and underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Hong Kong Securities and Futures Ordinance, or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Long positions

Ordinary shares of HK$0.1 each of the Company

Name of director	**Capacity**	**Number of ordinary shares held**	**Percentage of issued share capital of the Company**
Mr. Chan	Beneficial owner	249,438,422	35.92%
	Interest of controlled corporation *(Note a)*	37,396,200	5.39%
Mr. Yu Kam Yuen, Lincoln	Beneficial owner	280,200	0.04%

Note a: These shares represented approximately 5.39% of the issued share capital of the Company as at 30 June 2020, of which 4.44% were held by Puregain Assets Limited, a company beneficially wholly-owned by Mr. Chan; and the balance of 0.95% was held by Cash Smart Enterprises Limited, a company which is 50% beneficially owned by Mr. Chan.

Save as disclosed herein, none of the Directors nor their associates had any interests or long/short positions in any shares or underlying shares of the Company or any of its associated corporations as at 30 June 2020.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2020, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that other than the interests disclosed above in respect of certain Directors, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company, were as follows:

Long positions

Ordinary shares of HK$0.1 each of the Company

Name of shareholder	Capacity	Number of ordinary shares held	Percentage of issued share capital of the Company
Ophorst Van Marwijk Kooy Vermogensbeheer N.V.	Investment manager	97,272,000	14.01%

SUBSEQUENT EVENTS

Following the COVID-19 pandemic in early 2020, a series of precautionary and control measures have been and continued to be implemented in the world, including suspension of school, work from home practice, encouraged social distancing, restrictions and controls over the inbound and outbound travelling and heightening of hygiene and epidemic prevention requirements in the world.

Subsequent to 30 June 2020 and up to now, various travel restrictions and social distancing measures are still in place to control the spread of the COVID-19 pandemic. In July 2020, the Hong Kong Government has further restricted and extended the social distancing measures in the light of the third wave of Covid-19 pandemic in Hong Kong. Such measures have caused disruption to the Group's restaurants in Hong Kong. In August 2020, the authority of Mainland China has announced the Mainland China individual traveler scheme in Macau to be resumed on 26 August 2020. Yet, the COVID-19 pandemic caused material disruption to the Group's restaurant operations, which adversely affects the Group's business, financial condition and operating performance. The Group has been actively adopting cost control measures including re-prioritising work plans to improve liquidity position, closely monitoring the market situation and timely adjusting the business strategies in view of the development of the pandemic. Up to the date of this announcement, the Group continues to monitor the impacts of the COVID-19 pandemic on the Group's performance.

Saved as those announced publicly or disclosed here, there has been no significant subsequent event after 30 June 2020.

SHARE OPTIONS

The Company has an employee share option scheme, particulars of which are set out in note 44 to the financial statements of the 2019 annual report.

As at 30 June 2020, the maximum number of the Company's shares which may be issued under the employee share option scheme was 55,390,242 (31 December 2019: 55,390,242) shares, representing approximately 8.0% (31 December 2019: 8.0%) of issued shares of the Company. The Group did not enter into any share based payment transactions during the six months ended 30 June 2020.

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

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

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the six months ended 30 June 2020.

AUDIT COMMITTEE

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

CORPORATE GOVERNANCE

The Company has during the Period complied with the Corporate Governance Code as set out in Appendix 14 of the Listing Rules.

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 Model Code for Securities Transactions by Directors of Listing Companies of the Listing Rules. Having made specific enquiry with them, all Directors have confirmed that they have complied with the standard set out in such Model Code and the code of conduct regarding securities transactions by directors adopted by the Company.

In April 2020, the Environmental, Social and Corporate Governance report for 2019 was issued together with 2019 annual report and presented on the Company's website at www.fb.com.hk and the Stock Exchange's website at www.hkexnews.hk.

OUTLOOK

With the resumption of visitors from Mainland China to Macau under the Individual Visit Scheme in late August, this should lead to improvement to the visitor inflow into Macau and hence to the Group's business in Macau. However, with recent increase in the number of infected cases in Hong Kong, the local social distancing order has been tightened up and extended further adversely affecting the Group's business in Hong Kong. Being still under the shadow of the Covid-19 pandemic and with the US and China relationship being quite tensed up, management expects that the operating environment of the Group in the second half of 2020 will still be challenging. To cope with such challenging circumstances, the Group's current business strategy is not to open any new restaurants in the Greater China area except for those of which the Group has already committed. Management will also continue to tap on overseas distributors to distribute its food souvenir products to the overseas markets. Management takes this opportunity to thank all of the staffs of the Group for their efforts contributed in keeping the Group moving forward.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

The announcement is published on the Stock Exchange's website at www.hkexnews.hk and on the Company's website at www.fb.com.hk. The 2020 interim report of the Company will be dispatched to the shareholders of the Company and available on the above websites in due course.

DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context requires otherwise:

Board	The Board of Directors of the Company
Company	Future Bright Holdings Limited
Director(s)	Director(s) of the Company
EBITDA	Profit before interests, tax expense, depreciation of property, plant and equipment, depreciation of right-of-use assets and amortization
Financial Statements	The unaudited condensed consolidated interim financial statements of the Group for the Period
Group	The Company together with its subsidiaries
HKAS(s)	Hong Kong Accounting Standard(s)
HKFRS(s)	Hong Kong Financial Reporting Standard(s)
HKICPA	Hong Kong Institute of Certified Public Accountants
HK$	Hong Kong Dollars
Hong Kong	The Hong Kong Special Administrative Region of Mainland China
Independent Third Parties	Parties that are not connected with the Company, any directors, chief executives, controlling shareholders or substantial shareholders of the Company or its subsidiaries or any of their respective associates
Key Investment Property	The Group's investment property which is a 6-storey commercial building excluding self-use portion located at the Centro Commercial E Turistico "S. Paulo", Largo da Companha de Jesus N°2, Em Macau
Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange

Mainland China	People's Republic of China
Model Code	The Model Code for Securities Transactions by Directors of Listed Issuers, Appendix 10 to the Listing Rules
MOP	Macau Patacas
Mr. Chan	Mr. Chan Chak Mo, the managing director and controlling shareholder of the Company
Net Ordinary Operating Profit/(Loss)	Profit/(Loss) attributable to owners of the Company before taking into account any net fair value (losses)/gains from investment properties
Period	Six months ended 30 June 2020
RMB	Renminbi
SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Share(s)	Ordinary share(s) of the Company
Shareholder(s)	Shareholder(s) of the Company
Stock Exchange	The Stock Exchange of Hong Kong Limited
Sq.ft.	Square feet

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, 28 August 2020