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## Future Bright Holdings Limited

佳景集團有限公司\*

(Incorporated in Bermuda with limited liability)

(Stock Code: 703)

### ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

#### FINANCIAL HIGHLIGHTS

|  | For the year ended 31 December |                  | Change<br>% |
|--|--------------------------------|------------------|-------------|
|  | 2020<br>HK\$'000               | 2019<br>HK\$'000 |             |
| Turnover                                   | 419,433                        | 1,142,308        | -63.3%      |
| Gross margin                               | 284,403                        | 797,013          | -64.3%      |
| Gross operating (loss)/profit              | (94,546)                       | 123,954          | N/A         |
| EBITDA/(Negative EBITDA)                   | 49,026                         | (134,272)        | N/A         |
| Loss attributable to owners of the Company | (120,945)                      | (376,838)        | -67.9%      |
| Net Ordinary Operating Loss                | (127,985)                      | (360,031)        | -64.5%      |
| Basic loss per share                       | HK(17.42) cents                | HK(54.28) cents  | -67.9%      |
| Special final dividend per share           | –                              | –                | N/A         |
|  | As at 31 December              |                  | Change<br>% |
|  | 2020<br>HK\$'000               | 2019<br>HK\$'000 |             |
| Total assets                               | 1,294,551                      | 1,737,395        | -25.5%      |
| Net assets                                 | 492,083                        | 641,727          | -23.3%      |
| Net assets per share                       | HK\$0.709                      | HK\$0.924        | -23.3%      |
| Gearing ratio                              | 149.7%                         | 130.0%           | +19.7%      |
| Total assets/total liabilities ratio       | 1.61                           | 1.59             | +1.3%       |

\* For identification purpose only

## ANNUAL RESULTS

The board of directors (“Directors”) of Future Bright Holdings Limited (“Company”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (“Group”) for the year ended 31 December 2020 as follows:

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

|   | Notes | 2020<br>HK\$'000 | 2019<br>HK\$'000 |
|---|-------|------------------|------------------|
| Turnover  | 5     | 419,433          | 1,142,308        |
| Cost of sales   |       | <u>(135,030)</u> | <u>(345,295)</u> |
| Gross margin  |       | 284,403          | 797,013          |
| Direct operating expenses   |       | <u>(378,949)</u> | <u>(673,059)</u> |
| Gross operating (loss)/profit   |       | (94,546)         | 123,954          |
| Other revenue   | 6     | 31,685           | 14,028           |
| Other gains and losses  | 7     | 91,375           | (291,097)        |
| Administrative expenses   |       | (128,721)        | (195,624)        |
| Share of loss of a joint venture  | 15    | (2,688)          | (519)            |
| Finance costs   | 9     | <u>(31,279)</u>  | <u>(37,533)</u>  |
| Loss before income tax  | 8     | (134,174)        | (386,791)        |
| Income tax credit   | 10    | <u>6,694</u>     | <u>11,624</u>    |
| Loss for the year   |       | (127,480)        | (375,167)        |
| Other comprehensive loss, net of tax  |       |                  |                  |
| Items that may be reclassified subsequently to profit or loss:  |       |                  |                  |
| Exchange differences on translating foreign operations  |       | (22,164)         | (6,962)          |
| Reclassification adjustments for a foreign operation disposed of during the year                          |       | –                | 42,107           |
| Item that will not be reclassified to profit or loss:   |       |                  |                  |
| Revaluation surplus upon transfer from property, plant and equipment to investment properties, net of tax |       | –                | 7,191            |
| Total comprehensive loss for the year   |       | <u>(149,644)</u> | <u>(332,831)</u> |
| (Loss)/profit attributable to:  |       |                  |                  |
| Owners of the Company   |       | (120,945)        | (376,838)        |
| Non-controlling interests   |       | <u>(6,535)</u>   | <u>1,671</u>     |
|   |       | <u>(127,480)</u> | <u>(375,167)</u> |
| Total comprehensive (loss)/income attributable to:  |       |                  |                  |
| Owners of the Company   |       | (143,109)        | (334,502)        |
| Non-controlling interests   |       | <u>(6,535)</u>   | <u>1,671</u>     |
|   |       | <u>(149,644)</u> | <u>(332,831)</u> |
| Loss per share  |       |                  |                  |
| – Basic and diluted (HK cents per share)  | 12    | <u>(17.42)</u>   | <u>(54.28)</u>   |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*AS AT 31 DECEMBER 2020*

|   | <i>Notes</i> | <b>2020</b><br><i>HK\$'000</i>              | 2019<br><i>HK\$'000</i>                     |
|---|--------------|---|---|
| <b>Non-current assets</b>                             |              |   |   |
| Property, plant and equipment                         |              | <b>248,636</b>                              | 315,150                                     |
| Right-of-use assets                                   |              | <b>187,718</b>                              | 303,260                                     |
| Investment properties                                 |              | <b>568,000</b>                              | 560,000                                     |
| Goodwill  |              | <b>81,781</b>                               | 81,781                                      |
| Other intangible assets                               |              | <b>16,550</b>                               | 19,886                                      |
| Prepayments and deposits                              | <i>16</i>    | <b>38,041</b>                               | 41,827                                      |
| Interest in a joint venture                           | <i>15</i>    | –   | 5,818                                       |
|   |              | <hr/>                                       | <hr/>                                       |
| <b>Total non-current assets</b>                       |              | <b>1,140,726</b>                            | 1,327,722                                   |
|   |              | <hr style="border-top: 1px dashed black;"/> | <hr style="border-top: 1px dashed black;"/> |
| <b>Current assets</b>                                 |              |   |   |
| Inventories   |              | <b>26,025</b>                               | 46,818                                      |
| Trade and other receivables                           | <i>16</i>    | <b>51,927</b>                               | 74,266                                      |
| Financial assets at fair value through profit or loss |              | <b>55</b>                                   | 58  |
| Restricted bank deposits                              |              | <b>10,023</b>                               | 27,155                                      |
| Cash and cash equivalents                             |              | <b>65,795</b>                               | 261,376                                     |
|   |              | <hr/>                                       | <hr/>                                       |
| <b>Total current assets</b>                           |              | <b>153,825</b>                              | 409,673                                     |
|   |              | <hr style="border-top: 1px dashed black;"/> | <hr style="border-top: 1px dashed black;"/> |
| <b>Total assets</b>                                   |              | <b>1,294,551</b>                            | 1,737,395                                   |
|   |              | <hr style="border-top: 1px dashed black;"/> | <hr style="border-top: 1px dashed black;"/> |
| <b>Current liabilities</b>                            |              |   |   |
| Amount due to a joint venture                         |              | –   | 5,766                                       |
| Trade and other payables                              | <i>17</i>    | <b>124,874</b>                              | 192,501                                     |
| Lease liabilities                                     |              | <b>87,520</b>                               | 126,980                                     |
| Current tax liabilities                               |              | <b>32,355</b>                               | 44,353                                      |
| Interest bearing borrowings                           |              | <b>98,099</b>                               | 114,381                                     |
| Non-interest bearing borrowings                       |              | <b>1,388</b>                                | 1,388                                       |
|   |              | <hr/>                                       | <hr/>                                       |
| <b>Total current liabilities</b>                      |              | <b>344,236</b>                              | 485,369                                     |
|   |              | <hr style="border-top: 1px solid black;"/>  | <hr style="border-top: 1px solid black;"/>  |
| <b>Net current liabilities</b>                        |              | <b>(190,411)</b>                            | (75,696)                                    |
|   |              | <hr style="border-top: 1px dashed black;"/> | <hr style="border-top: 1px dashed black;"/> |
| <b>Total assets less current liabilities</b>          |              | <b>950,315</b>                              | 1,252,026                                   |
|   |              | <hr style="border-top: 1px dashed black;"/> | <hr style="border-top: 1px dashed black;"/> |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION – Continued**  
*AS AT 31 DECEMBER 2020*

|   | <b>2020</b><br><i>HK\$'000</i> | 2019<br><i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| <b>Non-current liabilities</b>                                    |                                |                         |
| Lease liabilities   | <b>129,995</b>                 | 258,219                 |
| Interest bearing borrowings                                       | <b>286,307</b>                 | 311,110                 |
| Deferred tax liabilities  | <b>36,501</b>                  | 35,541                  |
| Non-interest bearing borrowings                                   | <b>5,429</b>                   | 5,429                   |
|   | <hr/>                          | <hr/>                   |
| <b>Total non-current liabilities</b>                              | <b>458,232</b>                 | 610,299                 |
|   | <hr/>                          | <hr/>                   |
| <b>Total liabilities</b>  | <b>802,468</b>                 | 1,095,668               |
|   | <hr/>                          | <hr/>                   |
| <b>NET ASSETS</b>   | <b>492,083</b>                 | 641,727                 |
|   | <hr/>                          | <hr/>                   |
| <b>Capital and reserves attributable to owners of the Company</b> |                                |                         |
| Share capital   | <b>69,430</b>                  | 69,430                  |
| Reserves  | <b>445,668</b>                 | 588,777                 |
|   | <hr/>                          | <hr/>                   |
| <b>Equity attributable to owners of the Company</b>               | <b>515,098</b>                 | 658,207                 |
| Non-controlling interests   | <b>(23,015)</b>                | (16,480)                |
|   | <hr/>                          | <hr/>                   |
| <b>TOTAL EQUITY</b>   | <b>492,083</b>                 | 641,727                 |
|   | <hr/>                          | <hr/>                   |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

### 1. GENERAL

Future Bright Holdings Limited is a public limited company incorporated in Bermuda. Its shares are listed on The Stock Exchange of Hong Kong Limited (“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 Units 803-804, 8th Floor, Seaview Commercial Building, Nos. 21-24 Connaught Road West, Hong Kong. The Group, comprising the Company and its subsidiaries, is engaged in the sales of food and catering, food souvenir and property investment.

### 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

#### (a) Adoption of new or amended HKFRSs

|   |  |
|---|--|
| Amendments to HKFRS 3                         | Definition of a Business                             |
| Amendments to HKAS 1                          | Definition of Material                               |
| Amendments to HKAS 39,<br>HKFRS 7 and HKFRS 9 | Interest Rate Benchmark Reform                       |
| Amendment to HKFRS 16                         | Covid-19-Related Rent Concessions                    |
| Revised Conceptual Framework                  | Revised Conceptual Framework for Financial Reporting |

Other than the amendments to Hong Kong Financial Reporting Standard “HKFRS 16”, none of these new or amended HKFRSs has a material impact on the Group’s results and financial position for the current or prior period.

The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period except for the amendment to HKFRS 16, Covid-19-Related Rent Concessions. Impact on the applications of these amended HKFRSs are summarised below.

#### *Amendment to HKFRS 16, Covid-19-Related Rent Concessions*

HKFRS 16 was amended to provide a practical expedient to lessees in accounting for rent concessions arising as a result of the Covid-19 pandemic, by including an additional practical expedient in HKFRS 16 that permits entities to elect not to account for rent concessions as modifications. The practical expedient applies only to rent concessions occurring as a direct consequence of Covid-19 pandemic and only if all of the following criteria are satisfied:

- (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) the reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (c) there is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with this practical expedient, which means the lessee does not need to assess whether the rent concession meets the definition of lease modification. Lessees shall apply other requirements of HKFRS 16 in accounting for the rent concession.

**NOTES TO THE FINANCIAL STATEMENTS – Continued**  
**31 DECEMBER 2020**

**2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) – Continued**

**(a) Adoption of new or amended HKFRSs – Continued**

*Amendment to HKFRS 16, Covid-19-Related Rent Concessions – Continued*

Accounting for rent concessions as lease modifications would have resulted in the Group remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the Group is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

The Group has elected to utilise the practical expedient for all rent concessions that meet the criteria. In accordance with the transitional provisions, the Group has applied the amendment retrospectively, and has not restated prior period figure. As the rent concessions have arisen during the current financial period, there is no retrospective adjustment to opening balance of retained earnings at 1 January 2020 on initial application of the amendment.

**(b) New or amended HKFRSs that have been issued but are not yet effective**

The following new or amended HKFRSs, potentially relevant to the Group’s financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group’s current intention is to apply these changes on the date they become effective.

|   |  |
|---|--|
| Amendments to HKAS 1  | Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>4</sup> |
| Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 | Interest Rate Benchmark Reform – Phase 2 <sup>1</sup>  |
| Amendments to HKAS 16   | Proceeds before Intended Use <sup>2</sup>  |
| Annual Improvements to HKFRSs 2018-2020                       | Annual Improvements to HKFRSs 2018-2020 <sup>2</sup>   |
| Amendments to HKFRS 3   | Reference to the Conceptual Framework <sup>3</sup>   |

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2021.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>3</sup> Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2023.

**NOTES TO THE FINANCIAL STATEMENTS – Continued**  
**31 DECEMBER 2020**

**2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) – Continued**

**(b) New or amended HKFRSs that have been issued but are not yet effective – Continued**

*Amendments to HKAS 1, Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period. The amendments also introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

HK Int 5 (2020) was revised as a consequence of the Amendments to HKAS 1 issued in August 2020. The revision to HK Int 5 (2020) updates the wordings in the interpretation to align with the Amendments to HKAS 1 with no change in conclusion and do not change the existing requirements.

*Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16, Interest Rate Benchmark Reform – Phase 2*

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the “Reform”). The amendments complement those issued in November 2019 and relate to (a) changes to contractual cash flows in which an entity will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate; (b) hedge accounting in which an entity will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and (c) disclosures in which an entity will be required to disclose information about new risks arising from the Reform and how it manages the transition to alternative benchmark rates.

*Amendments to HKAS 16, Proceeds before Intended Use*

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

*Annual Improvements to HKFRSs 2018-2020*

The annual improvements amends a number of standards, including:

- HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards, which permit a subsidiary that applies paragraph D16(a) of HKFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to HKFRSs.
- HKFRS 9, Financial Instruments, which clarify the fees included in the ‘10 per cent’ test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other’s behalf are included.

**NOTES TO THE FINANCIAL STATEMENTS – Continued**  
**31 DECEMBER 2020**

**2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) – Continued**

**(b) New or amended HKFRSs that have been issued but are not yet effective – Continued**

*Annual Improvements to HKFRSs 2018-2020 – Continued*

- HKFRS 16, Leases, which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
- HKAS 41, Agriculture, which remove the requirement to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

*Amendments to HKFRS 3, Reference to the Conceptual Framework*

The amendments update HKFRS 3 so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC)-Int 21 Levies, the acquirer applies HK(IFRIC)-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The management anticipate that application of these new and amendments to HKFRSs will have no material impact to the Group’s financial performance and consolidated financial positions and/or on the disclosures in the future consolidated financial statements.

**3. BASIS OF PREPARATION**

**(a) Statement of compliance**

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

**(b) Basis of measurement and going concern assumption**

The consolidated financial statements have been prepared under the historical cost basis except for investment properties and certain financial assets, which are measured at fair values as explained in the accounting policies to be set out in the Company’s 2020 annual report. The outbreak of the Covid-19 pandemic and the lockdown measures imposed by governments in various regions to contain the spreading of Covid-19 pandemic had negatively impacted the results of the Group during the reporting period and the liquidity position. The Group also closed some of the restaurants during the year.

During the year ended 31 December 2020, the Group has incurred a net loss of approximately HK\$127,480,000 and at the end of reporting period, its current liabilities exceeded its current assets by approximately HK\$190,411,000. However, the Group only had cash and cash equivalents of approximately HK\$65,795,000 as at 31 December 2020.



**NOTES TO THE FINANCIAL STATEMENTS – Continued**  
*31 DECEMBER 2020*

**3. BASIS OF PREPARATION**

**(b) Basis of measurement and going concern assumption – Continued**

These conditions may cast significant doubt about the Group’s ability to continue as going concern. For the purpose of assessing going concern, the directors of the Company have reviewed the Group’s cash flow forecast covering a period of twelve months from the end of the reporting period, after taking into account the past operating performance of the Group and the following:

- (i) The Group has been actively negotiating with banks for new banking facilities in order to secure necessary funds to meet the Group’s working capital and financing requirements in the foreseeable future;
- (ii) Up to the date of this announcement, the Group had unused bank and credit facilities of a total amount of approximately HK\$50 million;
- (iii) Management has been endeavoring to improve the Group’s operating results and cash flows through various cost control measures and will continue to slow down the opening of new restaurants or close underperforming restaurants in the future;
- (iv) The Group has been actively negotiating with the landlords for rent concessions due to the reduced number of customers as overshadowed by the Covid-19 pandemic; and
- (v) The Group will consider realising the investment properties of the Group with a fair value of approximately HK\$568 million as at 31 December 2020 to strengthen the liquidity position of the Group, when necessary.

They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future. Accordingly, the directors of the Company believe it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2020 on a going concern basis.

**(c) Functional and presentation currency**

The functional currency of the Company is Macau Patacas (“MOP”), while the financial statements are presented in Hong Kong dollars (“HK\$”). Each entity in the Group maintains its books and records in its own functional currency. As the Company is listed on Main Board of the Stock Exchange of Hong Kong Limited, the directors consider that it will be more appropriate to adopt HK\$ as the Group’s and the Company’s presentation currency.

**NOTES TO THE FINANCIAL STATEMENTS – Continued**  
**31 DECEMBER 2020**

**4. SEGMENT REPORTING**

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

The Group has 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

|   | <b>2020</b>     | 2019      |
|---|-----------------|-----------|
|   | <b>HK\$'000</b> | HK\$'000  |
| <b>Revenue from contracts with customers under HKFRS15</b>                            |                 |           |
| Food and catering – sales of food and catering in Macau, Mainland China and Hong Kong | <b>365,539</b>  | 1,035,480 |
| Food souvenir – sales of food souvenir, including festival food products              | <b>34,649</b>   | 100,732   |
|   | <b>400,188</b>  | 1,136,212 |
| <b>Revenue from other source</b>  |                 |           |
| Property investment – leasing of property   | <b>19,245</b>   | 6,096     |
|   | <b>419,433</b>  | 1,142,308 |

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.

**NOTES TO THE FINANCIAL STATEMENTS – Continued**  
**31 DECEMBER 2020**

**4. SEGMENT REPORTING – Continued**

**(a) Business segments**

*For the year ended 31 December 2020*

|                                 | <b>Food and<br/>catering<br/>HK\$'000</b> | <b>Food<br/>souvenir<br/>HK\$'000</b> | <b>Property<br/>investment<br/>HK\$'000</b> | <b>Inter-<br/>segment<br/>elimination<br/>HK\$'000</b> | <b>Consolidated<br/>HK\$'000</b> |
|---------------------------------|---|---------------------------------------|---|--|----------------------------------|
| <b>Revenue</b>                  |   |                                       |   |  |                                  |
| Revenue from external customers | 365,539                                   | 34,649                                | 19,245                                      | –  | 419,433                          |
| Revenue from inter-segment      | –   | –                                     | 198   | (198)  | –                                |
| Other revenue                   | 22,479                                    | 8,599                                 | 121   | –  | 31,199                           |
| Reportable segment revenue      | <u>388,018</u>                            | <u>43,248</u>                         | <u>19,564</u>                               | <u>(198)</u>   | <u>450,632</u>                   |
| <b>Results</b>                  |   |                                       |   |  |                                  |
| Reportable segment results      | <u>(132,089)</u>                          | <u>(9,354)</u>                        | <u>17,011</u>                               | <u>–</u>   | <u>(124,432)</u>                 |

*As at 31 December 2020*

|                                | <b>Food and<br/>catering<br/>HK\$'000</b> | <b>Food<br/>souvenir<br/>HK\$'000</b> | <b>Property<br/>investment<br/>HK\$'000</b> | <b>Consolidated<br/>HK\$'000</b> |
|--------------------------------|---|---------------------------------------|---|----------------------------------|
| <b>Assets</b>                  |   |                                       |   |                                  |
| Reportable segment assets*     | 638,798                                   | 62,051                                | 592,403                                     | 1,293,252                        |
| <b>Liabilities</b>             |   |                                       |   |                                  |
| Reportable segment liabilities | <u>489,612</u>                            | <u>26,754</u>                         | <u>284,619</u>                              | <u>800,985</u>                   |
| Reportable segment net assets  | <u>149,186</u>                            | <u>35,297</u>                         | <u>307,784</u>                              | <u>492,267</u>                   |

\* As at 31 December 2020, food and catering and food souvenir segment assets included cash and cash equivalents of approximately HK\$64,437,000 (2019: HK\$252,802,000) and HK\$873,000 (2019: HK\$5,924,000) respectively, while property investment segment assets included cash and cash equivalents of approximately HK\$166,000 (2019: HK\$414,000), and investment properties of approximately HK\$568,000,000 (2019: HK\$560,000,000).

**NOTES TO THE FINANCIAL STATEMENTS – Continued**  
**31 DECEMBER 2020**

**4. SEGMENT REPORTING – Continued**

**(a) Business segments – Continued**

*Other information*

*For the year ended 31 December 2020*

|   | <b>Food and<br/>catering<br/>HK\$'000</b> | <b>Food<br/>souvenir<br/>HK\$'000</b> | <b>Property<br/>investment<br/>HK\$'000</b> | <b>Un-allocated<br/>HK\$'000</b> | <b>Consolidated<br/>HK\$'000</b> |
|---|---|---------------------------------------|---|----------------------------------|----------------------------------|
| Interest income   | 1,875                                     | 2                                     | –   | –                                | 1,877                            |
| Interest expense  | 22,274                                    | 1,849                                 | 7,154                                       | 2                                | 31,279                           |
| Capital expenditure                                       | 7,808                                     | 115                                   | 996   | –                                | 8,919                            |
| Addition of right-of-use assets                           | 21,294                                    | –                                     | –   | –                                | 21,294                           |
| Depreciation of property, plant<br>and equipment          | 40,871                                    | 4,842                                 | 729   | 65                               | 46,507                           |
| Depreciation of right-of-use<br>assets                    | 92,630                                    | 11,538                                | –   | 210                              | 104,378                          |
| Amortisation of other intangible<br>assets                | 676                                       | 360                                   | –   | –                                | 1,036                            |
| Impairment loss on property,<br>plant and equipment       | 12,157                                    | 8,735                                 | –   | –                                | 20,892                           |
| Impairment loss on right-of-use<br>assets                 | 6,737                                     | 123                                   | –   | 130                              | 6,990                            |
| Impairment loss on intangible<br>assets                   | 279                                       | 1,535                                 | –   | –                                | 1,814                            |
| Loss on written off of other<br>intangible assets         | 90  | 495                                   | –   | –                                | 585                              |
| Loss on written off of property,<br>plant and equipment   | 8,530                                     | –                                     | –   | –                                | 8,530                            |
| Gain on disposal of a subsidiary                          | 5,649                                     | –                                     | –   | –                                | 5,649                            |
| Fair value gain on investment<br>property                 | –   | –                                     | 8,000                                       | –                                | 8,000                            |
| Fair value loss of financial assets<br>at FVTPL           | –   | –                                     | –   | 3                                | 3                                |
| Loss on disposal of a joint<br>venture                    | 3,130                                     | –                                     | –   | –                                | 3,130                            |
| Gain on written off of amount<br>due from a joint venture | 5,653                                     | –                                     | –   | –                                | 5,653                            |
| Share of loss of a joint venture                          | 2,688                                     | –                                     | –   | –                                | 2,688                            |
| Rent concessions  | 45,086                                    | 7,361                                 | –   | –                                | 52,447                           |
| Gain on lease modification                                | 27,461                                    | 11,402                                | –   | –                                | 38,863                           |
| Income tax credit/(expense), net                          | 7,654                                     | –                                     | (960)                                       | –                                | 6,694                            |

**NOTES TO THE FINANCIAL STATEMENTS – Continued**  
**31 DECEMBER 2020**

**4. SEGMENT REPORTING – Continued**

**(a) Business segments – Continued**

*For the year ended 31 December 2019*

|                                    | Food and<br>catering<br><i>HK\$'000</i> | Food<br>souvenir<br><i>HK\$'000</i> | Property<br>investment<br><i>HK\$'000</i> | Inter-<br>segment<br>elimination<br><i>HK\$'000</i> | Consolidated<br><i>HK\$'000</i> |
|------------------------------------|---|-------------------------------------|---|---|---------------------------------|
| <b>Revenue</b>                     |   |                                     |   |   |                                 |
| Revenue from external<br>customers | 1,035,480                               | 100,732                             | 6,096                                     | –   | 1,142,308                       |
| Revenue from inter-segment         | –                                       | –                                   | 1,987                                     | (1,987)   | –                               |
| Other revenue                      | 13,232                                  | 242                                 | 554                                       | –   | 14,028                          |
| Reportable segment revenue         | <u>1,048,712</u>                        | <u>100,974</u>                      | <u>8,637</u>                              | <u>(1,987)</u>                                      | <u>1,156,336</u>                |
| <b>Results</b>                     |   |                                     |   |   |                                 |
| Reportable segment results         | <u>(178,823)</u>                        | <u>(25,504)</u>                     | <u>(168,001)</u>                          | <u>–</u>  | <u>(372,328)</u>                |

*As at 31 December 2019*

|                                | Food and<br>catering<br><i>HK\$'000</i> | Food<br>souvenir<br><i>HK\$'000</i> | Property<br>investment<br><i>HK\$'000</i> | Consolidated<br><i>HK\$'000</i> |
|--------------------------------|---|-------------------------------------|---|---------------------------------|
| <b>Assets</b>                  |   |                                     |   |                                 |
| Reportable segment assets      | 1,049,759                               | 105,684                             | 578,364                                   | 1,733,807                       |
| <b>Liabilities</b>             |   |                                     |   |                                 |
| Reportable segment liabilities | <u>740,152</u>                          | <u>59,584</u>                       | <u>293,475</u>                            | <u>1,093,211</u>                |
| Reportable segment net assets  | <u>309,607</u>                          | <u>46,100</u>                       | <u>284,889</u>                            | <u>640,596</u>                  |

**NOTES TO THE FINANCIAL STATEMENTS – Continued**  
**31 DECEMBER 2020**

**4. SEGMENT REPORTING – Continued**

**(a) Business segments – Continued**

*Other information*

*For the year ended 31 December 2019*

|  | Food and<br>catering<br><i>HK\$'000</i> | Food<br>souvenir<br><i>HK\$'000</i> | Property<br>investment<br><i>HK\$'000</i> | Un-allocated<br><i>HK\$'000</i> | Consolidated<br><i>HK\$'000</i> |
|--|---|-------------------------------------|---|---------------------------------|---------------------------------|
| Interest income  | 226                                     | 2                                   | 553                                       | –                               | 781                             |
| Interest expense   | 26,859                                  | 2,211                               | 8,417                                     | 46                              | 37,533                          |
| Capital expenditure  | 86,647                                  | 2,168                               | 2,412                                     | –                               | 91,227                          |
| Addition of right-of-use assets  | 119,360                                 | 10,146                              | –   | –                               | 129,506                         |
| Depreciation of property, plant<br>and equipment   | 65,209                                  | 6,502                               | 606                                       | 71                              | 72,388                          |
| Depreciation of right-of-use<br>assets   | 123,729                                 | 16,481                              | –   | 1,028                           | 141,238                         |
| Amortisation of other intangible<br>assets   | 870                                     | 490                                 | –   | –                               | 1,360                           |
| Impairment loss on property,<br>plant and equipment  | 42,243                                  | 61                                  | –   | –                               | 42,304                          |
| Impairment loss on trade<br>receivable   | 57                                      | –                                   | –   | –                               | 57                              |
| Impairment loss on right-of-use<br>assets  | 59,295                                  | 9,276                               | –   | –                               | 68,571                          |
| Loss on written off of property,<br>plant and equipment  | 19,775                                  | 9                                   | –   | –                               | 19,784                          |
| Loss on disposal of disposal<br>group  | –                                       | –                                   | 140,631                                   | –                               | 140,631                         |
| Fair value loss on investment<br>property  | –                                       | –                                   | 23,000                                    | –                               | 23,000                          |
| Fair value gain on investment<br>property under construction<br>reclassified as assets of<br>a disposal group classified<br>as held for sale | –                                       | –                                   | 4,577                                     | –                               | 4,577                           |
| Fair value loss of financial assets<br>at FVTPL  | –                                       | –                                   | –   | 50                              | 50                              |
| Share of loss of a joint venture   | 519                                     | –                                   | –   | –                               | 519                             |
| Income tax credit/(expense), net   | 13,008                                  | –                                   | (1,384)                                   | –                               | 11,624                          |
| Interest in a joint venture  | 5,818                                   | –                                   | –   | –                               | 5,818                           |
| Gain on lease modification   | 845                                     | –                                   | –   | –                               | 845                             |

**NOTES TO THE FINANCIAL STATEMENTS – Continued**  
**31 DECEMBER 2020**

**4. SEGMENT REPORTING – Continued**

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

|  | 2020<br><i>HK\$'000</i> | 2019<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| <b>Revenue</b>                           |                         |                         |
| Reportable segment revenue               | 450,632                 | 1,156,336               |
| Less: Other revenue                      | (31,199)                | (14,028)                |
|  | <u>419,433</u>          | <u>1,142,308</u>        |
| Consolidated revenue                     |                         |                         |
| <b>Loss before income tax</b>            |                         |                         |
| Reportable segment loss                  | (124,432)               | (372,328)               |
| Other revenue and other gains and losses | 2,809                   | 264                     |
| Corporate payroll expenses               | (6,809)                 | (8,479)                 |
| Unallocated expenses                     | (5,742)                 | (6,248)                 |
|  | <u>(134,174)</u>        | <u>(386,791)</u>        |
| Consolidated loss before income tax      |                         |                         |
| <b>Assets</b>                            |                         |                         |
| Reportable segment assets                | 1,293,252               | 1,733,807               |
| Financial assets at FVTPL                | 55                      | 58                      |
| Unallocated corporate assets             | 1,244                   | 3,530                   |
|  | <u>1,294,551</u>        | <u>1,737,395</u>        |
| Consolidated total assets                |                         |                         |
| <b>Liabilities</b>                       |                         |                         |
| Reportable segment liabilities           | 800,985                 | 1,093,211               |
| Unallocated corporate liabilities        | 1,483                   | 2,457                   |
|  | <u>802,468</u>          | <u>1,095,668</u>        |
| Consolidated total liabilities           |                         |                         |

Unallocated expenses comprised mainly of the expenses of the Group's headquarter which were not directly attributable to the business activities of any operating segment.

Unallocated corporate assets comprised mainly of cash and cash equivalents which are held as general working capital of the Group as a whole and other corporate assets of the Group's headquarter which were not directly attributable to the business activities of any operating segment. Unallocated corporate liabilities mainly comprised of the liabilities of the Group's headquarter which were not directly attributable to the business activities of any operating segment.

**NOTES TO THE FINANCIAL STATEMENTS – Continued**  
**31 DECEMBER 2020**

**4. SEGMENT REPORTING – Continued**

**(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<br>external customers |                  | Non-current assets<br>(other than financial assets) |                  |
|----------------|------------------------------------|------------------|---|------------------|
|                | 2020<br>HK\$'000                   | 2019<br>HK\$'000 | 2020<br>HK\$'000                                    | 2019<br>HK\$'000 |
| Hong Kong      | 108,284                            | 235,972          | 111,363   | 126,761          |
| Mainland China | 48,341                             | 101,318          | 39,081  | 70,161           |
| Macau          | 251,924                            | 775,697          | 990,272   | 1,088,144        |
| Taiwan         | 10,884                             | 29,321           | 10  | 829              |
|                | <u>419,433</u>                     | <u>1,142,308</u> | <u>1,140,726</u>                                    | <u>1,285,895</u> |

The geographical location of customers is based on the location at which the goods and services are delivered. For goodwill and other intangible assets, the geographical location is based on the areas of operation of CGUs. The geographical location of other non-current assets is based on the physical location of the assets.

**(d) Information about major customers**

There was no single customer that contributed to 10% or more of the Group's revenue for the years ended 31 December 2020 and 2019.



**NOTES TO THE FINANCIAL STATEMENTS – Continued**  
**31 DECEMBER 2020**

**5. TURNOVER**

Turnover represented sales of food and catering, 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:

|  | 2020<br><i>HK\$'000</i> | 2019<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| <b>Revenue from contracts with customers under HKFRS15</b> |                         |                         |
| Sales of food and catering                                 | 365,539                 | 1,035,480               |
| Sales of food souvenir                                     | <u>34,649</u>           | <u>100,732</u>          |
|  | 400,188                 | 1,136,212               |
| <b>Revenue from other source</b>                           |                         |                         |
| Rental income from investment properties                   | <u>19,245</u>           | <u>6,096</u>            |
|  | <u>419,433</u>          | <u>1,142,308</u>        |
| By timing of revenue recognition under HKFRS 15            |                         |                         |
| At a point in time   | <u>400,188</u>          | <u>1,136,212</u>        |

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

**6. OTHER REVENUE**

|   | 2020<br><i>HK\$'000</i> | 2019<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Interest income                             | 1,877                   | 781                     |
| Management fee income                       | 3,766                   | 5,706                   |
| Rental income from staff quarter and others | 2,514                   | 3,165                   |
| Government grant ( <i>note</i> )            | 19,321                  | –                       |
| Others                                      | <u>4,207</u>            | <u>4,376</u>            |
|   | <u>31,685</u>           | <u>14,028</u>           |

*Note:* Included in profit or loss is approximately HK\$19,321,000 (2019: nil) of government grants obtained in Hong Kong and Macau. Approximately HK\$7,488,000 was obtained from Employment Support Scheme (“ESS”) under the Anti-epidemic Fund launched by the Hong Kong SAR Government supporting the payroll of the Group’s employees. Under the ESS, the Group had to commit to spend these grants on payroll expenses, and not to reduce employee head count below prescribed levels from June to November 2020.

Approximately HK\$7,760,000 (2019: nil) was obtained from Food License Holders Subsidies Scheme (“FLHSS”) launched by Hong Kong SAR Government to subsidize companies with valid food license before February 2021.

Approximately HK\$4,073,000 (2019: nil) was obtained from 10-Billion-Pataca Fund Scheme (“Scheme”) launched by Macau government supporting the Macau companies. Under the Scheme, the Group had to commit not to lay off employees without justified reason until November 2020.

The Group does not have other unfulfilled obligations relating to the above programs.

**NOTES TO THE FINANCIAL STATEMENTS – Continued**  
**31 DECEMBER 2020**

**7. OTHER GAINS AND LOSSES**

|   | 2020<br><i>HK\$'000</i> | 2019<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Rent concessions  | 52,447                  | –                       |
| Exchange gain, net  | 24,046                  | 2,895                   |
| Fair value gain/(loss) of investment properties   | 8,000                   | (23,000)                |
| Impairment loss on property, plant and equipment  | (20,892)                | (42,304)                |
| Fair value gain on an investment property under construction reclassified as assets of a disposal group classified as held for sale | –                       | 4,577                   |
| Loss on written off of property, plant and equipment  | (8,530)                 | (19,784)                |
| Loss on written off of other intangible assets  | (585)                   | –                       |
| Gain on lease modification  | 38,863                  | 845                     |
| Loss on disposal of a joint venture   | (3,130)                 | –                       |
| Gain on written off of amount due from a joint venture  | 5,653                   | –                       |
| Gain on disposal of subsidiaries ( <i>Note 13(a)</i> )  | 5,649                   | –                       |
| Loss on disposal of disposal group classified as held for sale ( <i>Note 13(b)</i> )  | –                       | (140,631)               |
| Impairment loss on trade receivable   | –                       | (57)                    |
| Impairment loss on right-of-use assets  | (6,990)                 | (68,571)                |
| Impairment loss of other intangible assets  | (1,814)                 | –                       |
| Fair value loss of financial assets at FVTPL  | (3)                     | (50)                    |
| Others  | (1,339)                 | (5,017)                 |
|   | <u>91,375</u>           | <u>(291,097)</u>        |

**8. LOSS BEFORE INCOME TAX**

Loss before income tax was arrived at after charging:

|  | 2020<br><i>HK\$'000</i> | 2019<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Cost of inventories recognised as expenses                                   | 134,835                 | 344,509                 |
| Direct operating expenses arising from investment properties during the year | <u>195</u>              | <u>786</u>              |
| Cost of sales  | 135,030                 | 345,295                 |
| Employee costs   | 227,403                 | 414,455                 |
| Depreciation of property, plant and equipment                                | 46,507                  | 72,388                  |
| Amortisation of other intangible assets                                      | 1,036                   | 1,360                   |
| Auditor's remuneration   | 1,721                   | 2,250                   |
| Operating lease charges on properties  |                         |                         |
| – Contingent rentals*  | 6,362                   | 18,052                  |
| – Short term lease expenses  | 8,308                   | 13,714                  |
| Depreciation of right-of-use assets  | <u>104,378</u>          | <u>141,238</u>          |

\* Contingent rentals are calculated, based on a percentage of the relevant sales of the restaurants/shops pursuant to the relevant rental agreements.

**NOTES TO THE FINANCIAL STATEMENTS – Continued**  
**31 DECEMBER 2020**

**9. FINANCE COSTS**

|  | <b>2020</b><br><i>HK\$'000</i> | 2019<br><i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| Interest on interest bearing borrowings:       |                                |                         |
| – Repayable within five years                  | <b>12,649</b>                  | 7,616                   |
| – Repayable over five years                    | –                              | 8,298                   |
|  | <u>12,649</u>                  | <u>15,914</u>           |
| Imputed interest expenses on lease liabilities | <b>18,630</b>                  | 21,619                  |
|  | <u>18,630</u>                  | <u>21,619</u>           |
|  | <b>31,279</b>                  | 37,533                  |
|  | <u>31,279</u>                  | <u>37,533</u>           |

**10. INCOME TAX CREDIT**

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

|  | <b>2020</b><br><i>HK\$'000</i> | 2019<br><i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| Current tax – Macau Complementary Income Tax |                                |                         |
| – Current year                               | –                              | 10,630                  |
| – Over-provision in respect of prior years   | <b>(7,654)</b>                 | (20,638)                |
|  | <u>(7,654)</u>                 | <u>(10,008)</u>         |
| Deferred tax                                 |                                |                         |
| – Provision/(credit) for the year            | <b>960</b>                     | (1,616)                 |
|  | <u>960</u>                     | <u>(1,616)</u>          |
| Income tax credit                            | <b>(6,694)</b>                 | (11,624)                |
|  | <u>(6,694)</u>                 | <u>(11,624)</u>         |

Macau Complementary Income Tax is calculated at the progressive rate on the estimated assessable profits for the year. The maximum tax rate is 12% for the year ended 31 December 2020 (2019: 12%).

Mainland China Enterprise Income Tax (“EIT”) is calculated at rate of 25% (2019: 25%). No provision for EIT has been made as Mainland China subsidiaries had no assessable profits for EIT for the years ended 31 December 2020 and 2019. No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits for Hong Kong Profits Tax for the years ended 31 December 2020 and 2019.

**NOTES TO THE FINANCIAL STATEMENTS – Continued**  
**31 DECEMBER 2020**

**11. DIVIDENDS**

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

|  | <b>2020</b><br><i>HK\$'000</i> | 2019<br><i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| Special final dividend in respect of the previous financial year, approved and paid in 2020 of nil (2019: HK1.0 cent) per ordinary share | <u>–</u>                       | <u>6,943</u>            |

**12. LOSS PER SHARE**

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

**a. Basic loss per share**

|   | <b>2020</b><br><i>HK\$'000</i> | 2019<br><i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| Loss for the year attributable to owners of the Company                             | <u>(120,945)</u>               | <u>(376,838)</u>        |
|   | <b>Number of shares</b>        | Number of shares        |
| Weighted average number of ordinary shares for the purposes of basic loss per share | <u>694,302,420</u>             | <u>694,302,420</u>      |
| Basic loss per share (HK cents)   | <u>(17.42)</u>                 | <u>(54.28)</u>          |

**b. Diluted loss per share**

The amounts of diluted loss and loss per share for the years ended 31 December 2020 and 2019 were the same as basic loss per share respectively as there were no dilutive potential ordinary shares in existence during the years ended 31 December 2020 and 2019.

Mainland China Enterprise Income Tax (“EIT”) is calculated at rate of 25% (2019: 25%). No provision for EIT has been made as Mainland China subsidiaries had no assessable profits for EIT for the years ended 31 December 2020 and 2019. No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits for Hong Kong Profits Tax for the years ended 31 December 2020 and 2019.

**NOTES TO THE FINANCIAL STATEMENTS – Continued**  
**31 DECEMBER 2020**

**13. DISPOSAL OF DISPOSAL GROUP/A SUBSIDIARY**

- (a) During the year ended 31 December 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.

|                                  | <i>Note</i> | <b>HK\$'000</b> |
|----------------------------------|-------------|-----------------|
| Net liabilities disposed of:     |             |                 |
| Trade and other receivable       |             | <b>6,619</b>    |
| Cash and cash equivalents        |             | <b>84</b>       |
| Trade and other payables         |             | <b>(1,258)</b>  |
| Lease liabilities                |             | <b>(11,094)</b> |
|                                  |             | <hr/>           |
|                                  |             | <b>(5,649)</b>  |
| Gain on disposal of a subsidiary | 7           | <b>5,649</b>    |
|                                  |             | <hr/>           |
|                                  |             | <b>–</b>        |
|                                  |             | <hr/>           |
| Satisfied by:                    |             |                 |
| Cash                             |             | <b>–</b>        |
|                                  |             | <hr/>           |

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

|                                      | <b>HK\$'000</b> |
|--------------------------------------|-----------------|
| Cash consideration                   | <b>–</b>        |
| Cash and cash equivalent disposed of | <b>(84)</b>     |
|                                      | <hr/>           |
|                                      | <b>(84)</b>     |
|                                      | <hr/>           |

- (b) On 28 October 2019, the Group entered into a disposal agreement with an independent third party to dispose 100% equity interest in Bright Success – Property Agency Company Limited (“Bright Success”) and shareholders’ loan due from Bright Success and its subsidiary at a cash consideration of RMB300,000,000 (equivalent to approximately HK\$335,664,000). The disposal was approved by the shareholders in the special general meeting and completed on 18 December 2019.

**NOTES TO THE FINANCIAL STATEMENTS – Continued**  
**31 DECEMBER 2020**

**13. DISPOSAL OF DISPOSAL GROUP/A SUBSIDIARY – Continued**

(b) – Continued

The following are the assets and liabilities in respect of the disposal group disposed of on the date of completion:

|   | 2019<br>HK\$'000            |
|---|-----------------------------|
| Assets and liabilities of the disposal group derecognised |                             |
| – Investment property under construction                  | 440,310                     |
| – Restricted bank deposits                                | 6,154                       |
| – Trade and other receivables                             | 671                         |
| – Cash and cash equivalents                               | 5,655                       |
| – Trade and other payables                                | (12,443)                    |
| – Shareholders' loans                                     | (461,564)                   |
| – Deferred tax  | (14,699)                    |
|   | <u>                    </u> |
|   | (35,916)                    |
| Release of foreign exchange reserve on disposal           | 42,107                      |
|   | <u>                    </u> |
|   | 6,191                       |
|   | <u>                    </u> |
| Cash consideration  | 335,664                     |
| Less: Shareholders' loans of disposal group assumed       | (461,564)                   |
|   | <u>                    </u> |
|   | (125,900)                   |
|   | <u>                    </u> |
| Loss on disposal  | (132,091)                   |
| Transaction costs on disposal                             | (8,540)                     |
|   | <u>                    </u> |
| Loss on disposal and related transaction costs            | <u>                    </u> |
|   | (140,631)                   |
|   | <u>                    </u> |
|   | 2019<br>HK\$'000            |
| Net cash inflow arising on disposal:                      |                             |
| Cash consideration  | 335,664                     |
| Less: transaction costs paid                              | (8,540)                     |
| Less: Cash and cash equivalents disposed of               | (5,655)                     |
|   | <u>                    </u> |
|   | <u>                    </u> |
|   | 321,469                     |

**NOTES TO THE FINANCIAL STATEMENTS – Continued**  
**31 DECEMBER 2020**

**14. SIGNIFICANT RELATED PARTY TRANSACTIONS**

During the year, save as disclosed elsewhere in this announcement, the Group had the following significant transactions with related parties:

- (a) During the year ended 31 December 2020, the Group received management fee income and promotion fee income of approximately HK\$2,053,000 (2019: HK\$3,888,000) and HK\$492,000 (2019: HK\$303,000) respectively, on a reimbursement of expenses sharing basis, from several companies of which a director of the Company is also a director and holds an ultimate non-controlling interest of such companies.
- (b) During the year ended 31 December 2020, the Group made lease payments of HK\$1,050,000 (2019: HK\$3,420,000) 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 29 August 2014 and a series of supplementary agreements entered in 2015, 2017, 2018, 2019 and 2020 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 2021.
- (c) During the year ended 31 December 2020, the Group paid promotion expenses of approximately HK\$240,000 (equivalent to MOP247,500) (2019: HK\$262,000 (equivalent to MOP270,000)) to Mr. Chan under the media advertising agreement (“LED Advertisement Agreement”) dated 23 August 2019 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 September 2020, Mr. Chan and FBG have renewed this LED Advertising Agreement for another one year from 1 October 2020 to 30 September 2021 for the same annual consideration of MOP270,000.
- (d) As at 31 December 2020, four (2019: four) mortgage loans of approximately HK\$60,462,000 (2019: HK\$61,747,000), approximately HK\$29,306,000 (2019: HK\$30,026,000), approximately HK\$140,280,000 (2019: HK\$153,640,000) and approximately HK\$95,186,000 (2019: HK\$97,087,000) of the Group contained a covenant that Mr. Chan and his associates had to hold not less than 37% (2019: 37%) equity interest holding of the Company.

As at 31 December 2020, one (2019: one) unsecured bank loan of approximately HK\$7,168,000 (2019: HK\$26,500,000) with maximum facility of HK\$80,000,000 (2019: HK\$80,000,000) and a bank overdraft facility of HK\$32,104,000 (2019: HK\$35,991,000) with maximum facility of MOP40,000,000 (equivalent to HK\$38,835,000) (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% (2019: 37%) equity interest holding of the Company.

- (e) The remuneration of directors and other members of key management during the year ended 31 December 2020 are to be disclosed in the Company’s 2020 annual report.

**NOTES TO THE FINANCIAL STATEMENTS – Continued**  
**31 DECEMBER 2020**

**15. INTEREST IN A JOINT VENTURE**

|                     | <b>2020</b><br><i>HK\$'000</i> | 2019<br><i>HK\$'000</i> |
|---------------------|--------------------------------|-------------------------|
| Share of net assets | –                              | 5,818                   |

The Group has a 51% (2019: 51%) interest in a material joint venture, “Studio City Shiki Hotpot Restaurant”, a restaurant located in Studio City in Macau, with an original investment cost of HK\$14,280,000 in 2015. The primary activity of this restaurant is food and beverage business, which is in line with the Group’s strategy to expand the food and beverage business division.

The contractual arrangement on the decisions about the relevant activities require unanimous consent of the parties sharing control and with the rights to only the net assets of the joint arrangement resting primarily with Studio City Shiki Hotpot Restaurant. Under HKFRS 11 this joint arrangement is classified as a joint venture and has been included in the consolidated financial statements using the equity method. The Group’s share of loss of joint venture for the year ended 31 December 2020 was approximately HK\$2,688,000 (2019: HK\$519,000).

For the year ended 31 December 2020, the Group has disposed the interest in a joint venture at nil consideration.

Amount due to a joint venture as at 31 December 2019 was unsecured, interest free and repayable on demand.

Summarised financial information in relation to the joint venture is presented below:

|  | <b>2020</b><br><i>HK\$'000</i> | 2019<br><i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| <b>As at 31 December</b>                       |                                |                         |
| Current assets                                 | –                              | 8,686                   |
| Non-current assets                             | –                              | 6,705                   |
| Current liabilities                            | –                              | (3,755)                 |
| Non-current liabilities                        | –                              | (228)                   |
| Net assets                                     | –                              | 11,408                  |
| <i>Included in the above amounts are:</i>      |                                |                         |
| Cash and cash equivalents                      | –                              | 1,758                   |
| Amount due from the Group                      | –                              | 5,766                   |
| <b>Year ended 31 December</b>                  |                                |                         |
| Revenues                                       | <b>1,478</b>                   | 20,825                  |
| Loss and total comprehensive loss for the year | <b>(5,271)</b>                 | (1,018)                 |
| <i>Included in the above amounts are:</i>      |                                |                         |
| Depreciation and amortisation                  | <b>2,644</b>                   | 3,963                   |



**NOTES TO THE FINANCIAL STATEMENTS – Continued**  
**31 DECEMBER 2020**

**16. TRADE AND OTHER RECEIVABLES**

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.

|  | <b>2020</b>     | 2019     |
|--|-----------------|----------|
|  | <b>HK\$'000</b> | HK\$'000 |
| <b>Current portion</b>                   |                 |          |
| Trade receivables                        | <b>23,713</b>   | 29,797   |
| Prepayments and deposits ( <i>Note</i> ) | <b>27,146</b>   | 40,424   |
| Other receivables                        | <b>1,068</b>    | 4,045    |
|  | <hr/>           | <hr/>    |
| Total                                    | <b>51,927</b>   | 74,266   |
|  | <hr/>           | <hr/>    |
| <b>Non-current portion</b>               |                 |          |
| Prepayments and deposits ( <i>Note</i> ) | <b>38,041</b>   | 41,827   |
|  | <hr/>           | <hr/>    |

*Note:* As at 31 December 2020 and 2019, these balances mainly represented deposits paid for rental and utilities.

The Group and the Company recognised impairment loss based on the accounting policy are to be stated in the Company's 2020 annual report.

Trade debtors are due within 30 days from the date of billing. Further details on the group's credit policy and credit risk arising from trade debtors are to be set out in the Company's 2020 annual report.

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

|                     | <b>2020</b>     | 2019     |
|---------------------|-----------------|----------|
|                     | <b>HK\$'000</b> | HK\$'000 |
| 0 to 90 days        | <b>20,075</b>   | 25,861   |
| 91 days to 365 days | <b>3,610</b>    | 3,914    |
| Over 365 days       | <b>28</b>       | 22       |
|                     | <hr/>           | <hr/>    |
| Total               | <b>23,713</b>   | 29,797   |
|                     | <hr/>           | <hr/>    |

**NOTES TO THE FINANCIAL STATEMENTS – Continued**  
**31 DECEMBER 2020**

**17. TRADE AND OTHER PAYABLES**

|                                 | <b>2020</b>     | 2019     |
|---------------------------------|-----------------|----------|
|                                 | <b>HK\$'000</b> | HK\$'000 |
| Trade payables                  | <b>42,626</b>   | 73,305   |
| Accruals and other provision    | <b>37,545</b>   | 69,705   |
| Construction and other payables | <b>44,703</b>   | 49,491   |
|                                 | <hr/>           | <hr/>    |
| Total                           | <b>124,874</b>  | 192,501  |
|                                 | <hr/>           | <hr/>    |

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

|                    | <b>2020</b>     | 2019     |
|--------------------|-----------------|----------|
|                    | <b>HK\$'000</b> | HK\$'000 |
| Within 90 days     | <b>40,601</b>   | 68,540   |
| 91 to 180 days     | <b>1,366</b>    | 1,221    |
| 181 to 365 days    | <b>602</b>      | 444      |
| More than 365 days | <b>57</b>       | 3,100    |
|                    | <hr/>           | <hr/>    |
| Total              | <b>42,626</b>   | 73,305   |
|                    | <hr/>           | <hr/>    |

**CHAIRMAN'S STATEMENT**

The Directors are pleased to present to the Shareholders this announcement of the Group for the Year.

In the Year, the Group's operating environment has been extremely tough when the Covid-19 infection in many cities in Mainland China, Macau and Hong Kong, has critically and adversely affected the local retail businesses, with substantial drop of inflow of visitors and curtail of the social and dining gatherings of local residents under the relevant social distancing measures. All these have led to a substantial drop in the Group's revenue income and a considerable loss in the Year, despite that the local governments have provided some subsidy compensation to those businesses including the Group's restaurants so adversely affected by the various social distancing measures. Such subsidy compensation together with some rental concessions from the relevant landlords have in some way helped to soothe the financial difficulties of the Group's restaurants in the Year.

The Group has sustained for the Year a loss attributable to owners of the Company of some HK\$120.9 million which was mainly attributable to (i) the loss attributable to owners of the Group's food souvenir business of some HK\$12.3 million which included the impairment loss of trademarks of some HK\$1.0 million, (ii) the loss attributable to owners of the Group's food and catering business (which included the loss from written off of/impairment loss on property, plant and equipment of some HK\$20.7 million derived mainly from the closure of the Group's restaurants and impairment loss on right-of-use assets of HK\$6.7 million); and (iii) the net fair value gain of some HK\$7.0 million derived from its Key Investment Property.

## CHAIRMAN'S STATEMENT – Continued

The Group has also recorded for the Year:

- (i) A drop of some 63.3% in turnover as compared to that of the year of 2019;
- (ii) Decreases of some 60.9% in cost of sales (food costs), of some 43.6% in direct operating expenses, of some 34.2% in administrative expenses, and of some 16.6% in finance costs, as compared to that of the year of 2019;
- (iii) (22.6)% in gross operating loss ratio as compared to that gross operating profit ratio of 10.8% for the year of 2019;
- (iv) A loss attributable to owners of the Company of some HK\$120.9 million as compared to a loss attributable to owners of some HK\$376.8 million for the year of 2019;
- (v) A gross margin ratio of some 67.8% with a positive EBITDA at some HK\$49.0 million as against a gross margin ratio of some 69.8% with a negative EBITDA at some HK\$134.3 million for the year of 2019;
- (vi) A decrease of 58.0% in the same store performance of its restaurants and industrial catering business, and a decrease of 61.6% in the same store performance of its food souvenir shops, as compared to that of the year of 2019; and
- (vii) the Net Ordinary Operating Loss of HK\$128.0 million, as against a Net Ordinary Operating Loss of some HK\$360.0 million for the year of 2019.

As at 31 December 2020, the Key Investment Property (which comprises of the whole of the ground floor to third floor and basement level 1 to 3 of the 6-storey commercial building at Centro Commercial E Turistico “S. Paulo”, Largo) has been valued by an independent professional valuer at some HK\$568.0 million (31 December 2019: HK\$560.0 million).

In respect of the exchange differences on translating foreign operations which mainly relate to the Group's subsidiary companies in Mainland China, the Group has recorded an overall other comprehensive loss of some HK\$22.2 million for the Year, as compared to an overall other comprehensive loss of some HK\$7.0 million for the year of 2019. Details of financial analysis and breakdown of the Group's performance in the Year are set out in the section headed “Management Discussion and Analysis” of this announcement.

It has always been the policy of the Company to maintain a healthy dividend payout policy, hopefully at a payout ratio of not less than 30% of the Group's annual Net Ordinary Operating Profit. In view of the Net Ordinary Operating Loss for the Year, the Directors do not propose to declare and pay out any dividend for the Year.

## CHAIRMAN'S STATEMENT – Continued

The Group's food and catering business has been subject to tough and challenging operating environment under the Covid-19 infection in the Year, during which the Group's restaurant chain business has recorded a loss attributable to owners of the Company of some HK\$115.0 million. In the Year, the Group's food and catering business in Macau has performed much in line with the relatively low level of visitor inflow to Macau, where a total of 5.896 million visitors to Macau have been recorded with a drop of 85%, as compared to the year of 2019. During the Year, the Group has closed down 2 restaurants and 1 coffee shop in Macau, 7 restaurants in Hong Kong, 5 restaurants in Mainland China, and 2 restaurants in Taiwan. Detailed breakdown of the performance of the Group's different restaurants during the Year is set out in the section headed "Management Discussion and Analysis" of this announcement. Details of the list of the restaurants of this business are to be set out in the section headed "List of Restaurants/Food Court Counters/Stores" of the Company's 2020 annual report. It is currently planned to open possibly within the second half of 2021: a food court of 8 counters, 1 restaurant and 1 Yeng Kee bakery shop at Grand Lisboa Palace Resort, Macau and a food court of 8 counters and 1 Yeng Kee bakery shop at Lisboaeta Hotel, Macau.

In the Year, the industrial catering and food wholesale businesses have underperformed due to the negative impact of the Covid-19 infection. The Group's industrial catering business has sustained a setback with a total turnover of some HK\$12.3 million, being a drop of some 69.8% in the Year, as compared to some HK\$40.7 million for the year of 2019. In the Year, the Group's food wholesale business has also sustained a drop of its turnover reaching a total turnover of some HK\$15.7 million, representing a decrease of some 64.9% as compared to some HK\$44.7 million for the year of 2019.

The Group's food souvenir business has suffered similar drawback under the Covid-19 infection with a considerable decrease in turnover (in terms of volume and geographical areas) and a considerable loss in the Year, with the following results:

|                             | <b>2020</b>         | 2019                |
|-----------------------------|---------------------|---------------------|
|                             | <i>HK\$'million</i> | <i>HK\$'million</i> |
| Macau                       | <b>18.5</b>         | 86.2                |
| Mainland China              | <b>11.2</b>         | 10.1                |
| Hong Kong                   | <b>1.3</b>          | 0.7                 |
| Taiwan                      | <b>3.7</b>          | 3.7                 |
|                             | <hr/>               | <hr/>               |
| <b>Total Turnover</b>       | <b>34.7</b>         | 100.7               |
| Cost of sales               | <b>(14.5)</b>       | (28.0)              |
|                             | <hr/>               | <hr/>               |
| <b>Gross margin</b>         | <b>20.2</b>         | 72.7                |
| Direct operating expenses   | <b>(37.5)</b>       | (75.0)              |
|                             | <hr/>               | <hr/>               |
| <b>Gross operating loss</b> | <b>(17.3)</b>       | (2.3)               |
|                             | <hr/>               | <hr/>               |

## **CHAIRMAN’S STATEMENT – Continued**

Details of the financial analysis of this business are set out in the section headed “Management Discussion and Analysis” of this announcement. Details of the list of shops and kiosks of this business are to be set out in the section headed “List of Food Souvenir Shops/Kiosks” of the Company’s 2020 annual report.

The Group has in the Year steadily received rental income from its Key Investment Property with a total of annual rental income of some HK\$19.2 million.

With the Covid-19 infection under control in Macau and Mainland China for some time and the availability of vaccines against the Covid-19 infection now, the Group’s business in Macau and Mainland China have since September 2020 been improving, while visitor inflow to Macau has also improved at that time so as to benefit the Group’s business in Macau too. Hopefully, such improvement shall continue in the months ahead.

In Hong Kong, the Covid-19 infection has throughout the Year become serious, and somewhat slowed down, but then become wide spread again with various levels of social distancing measures being introduced, which have in the Year adversely affected the Group’s restaurants in Hong Kong and hence on the Group’s revenue. Although there has been some relaxation of the related social distancing measures since February 2021, and the vaccines against the Covid-19 infection have also since early March been available, there has been a recent short-term outbreak with increased number of infected cases. All these have led to uncertainty on the Group’s operating environment in Hong Kong. Hopefully, the availability of the vaccines against the Covid-19 infection would prevent any further periodical outbreak of increased number of infected cases so that it would eventually lead to not only further relaxation of social distancing measures including travel quarantine requirements, but also improvement of the Group’s operating environment in Hong Kong too.

In face of these tough operating environment in the Year, cost savings measures (including requests of rental concession from the relevant landlords) have already since early in the Year been and are still being taken to brave the tough operating environment. The continuing negative impact of the Covid-19 infection affecting the retail businesses in Hong Kong since January 2021 to today has led to unsatisfactory performance of the Group’s restaurants in these months with some losses in revenue. Management expects that the loss of revenue in the first quarter will have negative impact on the financial results of the Group in that quarter of 2021.

Management takes this opportunity to thank all of the staffs of the Group for their efforts contributed in keeping the Group moving forward.

**CHAN SEE KIT, JOHNNY**

*Chairman*

Hong Kong  
30 March 2021

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### Turnover

The turnover of the Group was approximately HK\$419.4 million for the Year, representing a drop of approximately 63.3% as compared to that of 2019 of HK\$1,142.3 million.

Details of turnover breakdown are as follows:

|   | For the year ended 31 December |                             |                             |
|---|--------------------------------|-----------------------------|-----------------------------|
|   | 2020<br><i>HK\$'million</i>    | 2019<br><i>HK\$'million</i> | 2018<br><i>HK\$'million</i> |
| <b>TURNOVER</b>                                 |                                |                             |                             |
| Restaurants:                                    |                                |                             |                             |
| Japanese restaurants                            | <b>84.3</b>                    | 286.9                       | 317.3                       |
| Chinese restaurants                             | <b>67.7</b>                    | 158.7                       | 182.7                       |
| Western and other restaurants ( <i>Note 1</i> ) | <b>40.7</b>                    | 80.9                        | 123.4                       |
| Food court counters                             | <b>70.1</b>                    | 202.2                       | 97.8                        |
| Franchise restaurants ( <i>Note 2</i> )         | <b>74.7</b>                    | 221.4                       | 243.0                       |
|   | <b>337.5</b>                   | 950.1                       | 964.2                       |
| Industrial catering                             | <b>12.3</b>                    | 40.7                        | 48.7                        |
| Food wholesale                                  | <b>15.7</b>                    | 44.7                        | 42.0                        |
|   | <b>365.5</b>                   | 1,035.5                     | 1,054.9                     |
| <b>Food and catering business</b>               | <b>365.5</b>                   | 1,035.5                     | 1,054.9                     |
| <b>Food souvenir business</b>                   | <b>34.7</b>                    | 100.7                       | 78.4                        |
| <b>Property investment business</b>             | <b>19.2</b>                    | 6.1                         | –                           |
|   | <b>419.4</b>                   | 1,142.3                     | 1,133.3                     |
| Total   | <b>419.4</b>                   | 1,142.3                     | 1,133.3                     |

## MANAGEMENT DISCUSSION AND ANALYSIS – Continued

### FINANCIAL REVIEW – Continued

#### Turnover – Continued

Below is a table of comparison of the turnover for the years ended 31 December 2020 and 2019:

|   | 2020<br><i>HK\$'million</i> | Change<br>% | 2019<br><i>HK\$'million</i> |
|---|-----------------------------|-------------|-----------------------------|
| <b>TURNOVER</b>                                 |                             |             |                             |
| Restaurants:                                    |                             |             |                             |
| Japanese restaurants                            | 84.3                        | -70.6%      | 286.9                       |
| Chinese restaurants                             | 67.7                        | -57.3%      | 158.7                       |
| Western and other restaurants ( <i>Note 1</i> ) | 40.7                        | -49.7%      | 80.9                        |
| Food court counters                             | 70.1                        | -65.3%      | 202.2                       |
| Franchise restaurants ( <i>Note 2</i> )         | 74.7                        | -66.3%      | 221.4                       |
|   | <b>337.5</b>                | -64.5%      | 950.1                       |
| Industrial catering                             | 12.3                        | -69.8%      | 40.7                        |
| Food wholesale                                  | 15.7                        | -64.9%      | 44.7                        |
| <b>Food and catering business</b>               | <b>365.5</b>                | -64.7%      | 1,035.5                     |
| <b>Food souvenir business</b>                   | <b>34.7</b>                 | -65.5%      | 100.7                       |
| <b>Property investment business</b>             | <b>19.2</b>                 | +214.8%     | 6.1                         |
| Total   | <b>419.4</b>                | -63.3%      | 1,142.3                     |

*Note 1:* The turnover relating to “Western and other restaurants” item included turnover from the Group’s Western restaurants, and 1 sandwich bar.

*Note 2:* The turnover relating to “Franchise restaurants” item included turnover from the Group’s Pacific Coffee shops, and Pepper Lunch, Bari-Uma ramen, Fu-Un-Maru, Mad for Garlic and Bistro Seoul restaurants.

The decrease in turnover of the Group’s food and catering business and food souvenir business was mainly attributable to the negative impact of the Covid-19 infection. The turnover in the Group’s property investment business was attributable to the rental income from the Key Investment Property in Macau proportionally accounted for the Year.

## MANAGEMENT DISCUSSION AND ANALYSIS – Continued

### FINANCIAL REVIEW – Continued

#### Turnover – Continued

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

|                 | <b>2020</b><br><i>HK\$'million</i> | Change<br>% | 2019<br><i>HK\$'million</i> |
|-----------------|------------------------------------|-------------|-----------------------------|
| <b>TURNOVER</b> |                                    |             |                             |
| First quarter   | <b>132.2</b>                       | –55.3%      | 295.6                       |
| Second quarter  | <b>68.0</b>                        | –74.6%      | 267.9                       |
| Third quarter   | <b>93.1</b>                        | –68.5%      | 295.8                       |
| Fourth quarter  | <b>126.1</b>                       | –55.4%      | 283.0                       |
| Total           | <b>419.4</b>                       | –63.3%      | 1,142.3                     |

Details of the Group's turnover breakdown of the first, second, third and fourth quarters of 2020 are as follows:

|                                     | <b>2020</b>                                      |   |  |   |
|-------------------------------------|--|---|--|---|
|                                     | <b>Fourth<br/>quarter</b><br><i>HK\$'million</i> | <b>Third<br/>quarter</b><br><i>HK\$'million</i> | <b>Second<br/>quarter</b><br><i>HK\$'million</i> | <b>First<br/>quarter</b><br><i>HK\$'million</i> |
| <b>TURNOVER</b>                     |  |   |  |   |
| Restaurants:                        |  |   |  |   |
| Japanese restaurants                | <b>30.3</b>                                      | <b>15.4</b>                                     | <b>10.6</b>                                      | <b>28.0</b>                                     |
| Chinese restaurants                 | <b>20.8</b>                                      | <b>16.0</b>                                     | <b>13.3</b>                                      | <b>17.6</b>                                     |
| Western and other restaurants       | <b>12.0</b>                                      | <b>10.0</b>                                     | <b>10.3</b>                                      | <b>8.4</b>                                      |
| Food court counters                 | <b>17.3</b>                                      | <b>12.1</b>                                     | <b>9.2</b>                                       | <b>31.5</b>                                     |
| Franchise restaurants               | <b>18.8</b>                                      | <b>14.8</b>                                     | <b>15.2</b>                                      | <b>25.9</b>                                     |
|                                     | <b>99.2</b>                                      | <b>68.3</b>                                     | <b>58.6</b>                                      | <b>111.4</b>                                    |
| Industrial catering                 | <b>5.7</b>                                       | <b>2.8</b>                                      | <b>1.3</b>                                       | <b>2.5</b>                                      |
| Food wholesale                      | <b>4.6</b>                                       | <b>4.0</b>                                      | <b>2.3</b>                                       | <b>4.8</b>                                      |
| <b>Food and catering business</b>   | <b>109.5</b>                                     | <b>75.1</b>                                     | <b>62.2</b>                                      | <b>118.7</b>                                    |
| <b>Food souvenir business</b>       | <b>11.8</b>                                      | <b>13.1</b>                                     | <b>1.0</b>                                       | <b>8.8</b>                                      |
| <b>Property investment business</b> | <b>4.8</b>                                       | <b>4.9</b>                                      | <b>4.8</b>                                       | <b>4.7</b>                                      |
| Total                               | <b>126.1</b>                                     | <b>93.1</b>                                     | <b>68.0</b>                                      | <b>132.2</b>                                    |



## MANAGEMENT DISCUSSION AND ANALYSIS – Continued

### FINANCIAL REVIEW – Continued

#### Turnover – Continued

Details of the Group's turnover breakdown of the first, second, third and fourth quarters of 2019 are as follows:

|                                     | 2019                                     |   |  |   |
|-------------------------------------|--|---|--|---|
|                                     | Fourth<br>quarter<br><i>HK\$'million</i> | Third<br>quarter<br><i>HK\$'million</i> | Second<br>quarter<br><i>HK\$'million</i> | First<br>quarter<br><i>HK\$'million</i> |
| <b>TURNOVER</b>                     |  |   |  |   |
| Restaurants:                        |  |   |  |   |
| Japanese restaurants                | 67.6                                     | 71.8                                    | 72.0                                     | 75.5                                    |
| Chinese restaurants                 | 37.1                                     | 37.4                                    | 38.1                                     | 46.1                                    |
| Western and other restaurants       | 15.9                                     | 20.4                                    | 22.5                                     | 22.1                                    |
| Food court counters                 | 65.3                                     | 52.4                                    | 39.8                                     | 44.7                                    |
| Franchise restaurants               | 47.3                                     | 55.1                                    | 56.4                                     | 62.6                                    |
|                                     | <hr/>                                    | <hr/>                                   | <hr/>                                    | <hr/>                                   |
|                                     | 233.2                                    | 237.1                                   | 228.8                                    | 251.0                                   |
| Industrial catering                 | 11.6                                     | 7.7                                     | 8.9                                      | 12.5                                    |
| Food wholesale                      | 10.7                                     | 10.2                                    | 11.9                                     | 11.9                                    |
|                                     | <hr/>                                    | <hr/>                                   | <hr/>                                    | <hr/>                                   |
| <b>Food and catering business</b>   | 255.5                                    | 255.0                                   | 249.6                                    | 275.4                                   |
| <b>Food souvenir business</b>       | 21.4                                     | 40.8                                    | 18.3                                     | 20.2                                    |
| <b>Property investment business</b> | 6.1                                      | –                                       | –  | –                                       |
|                                     | <hr/>                                    | <hr/>                                   | <hr/>                                    | <hr/>                                   |
| Total                               | 283.0                                    | 295.8                                   | 267.9                                    | 295.6                                   |
|                                     | <hr/>                                    | <hr/>                                   | <hr/>                                    | <hr/>                                   |

## MANAGEMENT DISCUSSION AND ANALYSIS – Continued

### FINANCIAL REVIEW – Continued

#### Turnover – Continued

##### Same Store Performance

Below is a table of comparison of the Group's same store performance (Note 3) of its restaurants, industrial catering business and food souvenir business in terms of their aggregate turnover for the first, second, third and fourth quarters of 2020 and 2019:

|                            | 2020<br><i>HK\$'million</i> | Change<br>%   | 2019<br><i>HK\$'million</i> |
|----------------------------|-----------------------------|---------------|-----------------------------|
| <b>SAME STORE TURNOVER</b> |                             |               |                             |
| First quarter              | 97.4                        | -60.1%        | 244.6                       |
| Second quarter             | 51.3                        | -74.8%        | 203.6                       |
| Third quarter              | 82.5                        | -64.5%        | 232.2                       |
| Fourth quarter             | 116.7                       | -47.0%        | 220.1                       |
| Whole year                 | <u>363.8</u>                | <u>-58.3%</u> | <u>873.2</u>                |

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, second, third and fourth quarters of 2020 and 2019 are as follows:

|  | <b>For the three months ended 31 March</b> |               |                             |
|--|--|---------------|-----------------------------|
|  | 2020<br><i>HK\$'million</i>                | Change<br>%   | 2019<br><i>HK\$'million</i> |
| <b>SAME STORE TURNOVER –</b>                 |  |               |                             |
| <b>First quarter</b>                         |  |               |                             |
| 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                        | <u>19.6</u>                                | <u>-54.5%</u> | <u>43.1</u>                 |
|  | <u>86.1</u>                                | <u>-60.1%</u> | <u>216.3</u>                |
| Industrial catering                          | <u>2.5</u>                                 | <u>-74.7%</u> | <u>9.9</u>                  |
| Restaurants and industrial catering business | <u>88.6</u>                                | <u>-60.8%</u> | <u>226.2</u>                |
| Food souvenir business                       | <u>8.8</u>                                 | <u>-52.1%</u> | <u>18.4</u>                 |
|  | <u>97.4</u>                                | <u>-60.1%</u> | <u>244.6</u>                |

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

**MANAGEMENT DISCUSSION AND ANALYSIS – Continued**

**FINANCIAL REVIEW – Continued**

**Turnover – Continued**

*Same Store Performance – Continued*

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

|  | <b>For the three months ended 30 September</b> |               |                     |
|--|--|---------------|---------------------|
|  | <b>2020</b>                                    | <b>Change</b> | <b>2019</b>         |
|  | <i>HK\$'million</i>                            | <i>%</i>      | <i>HK\$'million</i> |
| <b>SAME STORE TURNOVER –</b>                 |  |               |                     |
| <b>Third quarter</b>                         |  |               |                     |
| Restaurants:                                 |  |               |                     |
| Japanese restaurants                         | <b>15.4</b>                                    | –75.6%        | 63.2                |
| Chinese restaurants                          | <b>16.0</b>                                    | –53.6%        | 34.5                |
| Western and other restaurants                | <b>10.0</b>                                    | –40.1%        | 16.7                |
| Food court counters                          | <b>10.4</b>                                    | –78.5%        | 48.4                |
| Franchise restaurants                        | <b>14.8</b>                                    | –45.6%        | 27.2                |
|  | <b>66.6</b>                                    | –64.9%        | 190.0               |
| Industrial catering                          | <b>2.8</b>                                     | –39.1%        | 4.6                 |
| Restaurants and industrial catering business | <b>69.4</b>                                    | –64.3%        | 194.6               |
| Food souvenir business                       | <b>13.1</b>                                    | –65.2%        | 37.6                |
|  | <b>82.5</b>                                    | –64.5%        | 232.2               |

**MANAGEMENT DISCUSSION AND ANALYSIS** – Continued

**FINANCIAL REVIEW** – Continued

**Turnover** – Continued

*Same Store Performance* – Continued

|  | <b>For the three months ended 31 December</b> |               |                     |
|--|---|---------------|---------------------|
|  | <b>2020</b>                                   | <b>Change</b> | <b>2019</b>         |
|  | <i>HK\$'million</i>                           | <i>%</i>      | <i>HK\$'million</i> |
| <b>SAME STORE TURNOVER –</b>                 |   |               |                     |
| <b>Fourth quarter</b>                        |   |               |                     |
| Restaurants:                                 |   |               |                     |
| Japanese restaurants                         | <b>30.3</b>                                   | –49.6%        | 60.1                |
| Chinese restaurants                          | <b>20.8</b>                                   | –39.0%        | 34.1                |
| Western and other restaurants                | <b>12.0</b>                                   | –17.8%        | 14.6                |
| Food court counters                          | <b>17.3</b>                                   | –72.7%        | 63.3                |
| Franchise restaurants                        | <b>18.8</b>                                   | –14.9%        | 22.1                |
|  | <b>99.2</b>                                   | –48.9%        | 194.2               |
| Industrial catering                          | <b>5.7</b>                                    | –6.6%         | 6.1                 |
| Restaurants and industrial catering business | <b>104.9</b>                                  | –47.6%        | 200.3               |
| Food souvenir business                       | <b>11.8</b>                                   | –40.4%        | 19.8                |
|  | <b>116.7</b>                                  | –47.0%        | 220.1               |

|  | <b>For the year ended 31 December</b> |               |                     |
|--|---------------------------------------|---------------|---------------------|
|  | <b>2020</b>                           | <b>Change</b> | <b>2019</b>         |
|  | <i>HK\$'million</i>                   | <i>%</i>      | <i>HK\$'million</i> |
| <b>SAME STORE TURNOVER –</b>                 |                                       |               |                     |
| <b>Whole year</b>                            |                                       |               |                     |
| Restaurants:                                 |                                       |               |                     |
| Japanese restaurants                         | <b>82.1</b>                           | –67.8%        | 255.0               |
| Chinese restaurants                          | <b>66.2</b>                           | –54.7%        | 146.2               |
| Western and other restaurants                | <b>39.8</b>                           | –41.6%        | 68.2                |
| Food court counters                          | <b>70.1</b>                           | –62.0%        | 184.7               |
| Franchise restaurants                        | <b>60.7</b>                           | –45.0%        | 110.3               |
|  | <b>318.9</b>                          | –58.3%        | 764.4               |
| Industrial catering                          | <b>10.8</b>                           | –45.7%        | 19.9                |
| Restaurants and industrial catering business | <b>329.7</b>                          | –58.0%        | 784.3               |
| Food souvenir business                       | <b>34.1</b>                           | –61.6%        | 88.9                |
|  | <b>363.8</b>                          | –58.3%        | 873.2               |

## MANAGEMENT DISCUSSION AND ANALYSIS – Continued

### FINANCIAL REVIEW – Continued

#### Turnover – Continued

Below is a table of comparison of the turnover by geographical locations for the years ended 31 December 2020 and 2019:

|                              | For the year ended 31 December |             |                             |
|------------------------------|--------------------------------|-------------|-----------------------------|
|                              | 2020<br><i>HK\$'million</i>    | Change<br>% | 2019<br><i>HK\$'million</i> |
| <b>TURNOVER – whole year</b> |                                |             |                             |
| Macau                        | <b>251.9</b>                   | -67.5%      | 775.7                       |
| Mainland China               | <b>48.3</b>                    | -52.3%      | 101.3                       |
| Hong Kong                    | <b>108.3</b>                   | -54.1%      | 236.0                       |
| Taiwan                       | <b>10.9</b>                    | -62.8%      | 29.3                        |
| Total                        | <b>419.4</b>                   | -63.3%      | 1,142.3                     |

Below is a table of comparison of the turnover of the Group by geographical locations of the first, second, third and fourth quarters of 2020 and 2019:

|                 | 2020                                     |   |  |   |
|-----------------|--|---|--|---|
|                 | Fourth<br>quarter<br><i>HK\$'million</i> | Third<br>quarter<br><i>HK\$'million</i> | Second<br>quarter<br><i>HK\$'million</i> | First<br>quarter<br><i>HK\$'million</i> |
| <b>TURNOVER</b> |  |   |  |   |
| Macau           | <b>83.4</b>                              | <b>55.7</b>                             | <b>32.4</b>                              | <b>80.4</b>                             |
| Mainland China  | <b>14.1</b>                              | <b>14.0</b>                             | <b>11.1</b>                              | <b>9.1</b>                              |
| Hong Kong       | <b>25.8</b>                              | <b>21.0</b>                             | <b>22.8</b>                              | <b>38.7</b>                             |
| Taiwan          | <b>2.8</b>                               | <b>2.4</b>                              | <b>1.7</b>                               | <b>4.0</b>                              |
| Total           | <b>126.1</b>                             | <b>93.1</b>                             | <b>68.0</b>                              | <b>132.2</b>                            |
|                 |  |   |  |   |
|                 | 2019                                     |   |  |   |
|                 | Fourth<br>quarter<br><i>HK\$'million</i> | Third<br>quarter<br><i>HK\$'million</i> | Second<br>quarter<br><i>HK\$'million</i> | First<br>quarter<br><i>HK\$'million</i> |
| <b>TURNOVER</b> |  |   |  |   |
| Macau           | 188.8                                    | 206.0                                   | 180.6                                    | 200.3                                   |
| Mainland China  | 23.5                                     | 25.4                                    | 24.6                                     | 27.8                                    |
| Hong Kong       | 64.6                                     | 57.3                                    | 55.4                                     | 58.7                                    |
| Taiwan          | 6.1                                      | 7.1                                     | 7.3                                      | 8.8                                     |
| Total           | 283.0                                    | 295.8                                   | 267.9                                    | 295.6                                   |

## MANAGEMENT DISCUSSION AND ANALYSIS – Continued

### FINANCIAL REVIEW – Continued

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

The gross margin (being the Group's turnover less cost of sales) of the Group for the Year was about HK\$284.4 million, representing a decrease of approximately 64.3% as compared to that of HK\$797.0 million for the year of 2019. The decrease in gross margin was mainly attributable to the lower turnover contribution from the Group's business as a result of the negative impact of the Covid-19 infection.

The gross margin ratio (being gross margin over turnover) of the Group for the Year was about 67.8%, representing a decrease of 2.0% as compared to that of last year of 69.8%. The Group has over the last three years maintained steady gross margin and gross margin ratio as follows:

|                      | For the year ended 31 December |                             |                             |
|----------------------|--------------------------------|-----------------------------|-----------------------------|
|                      | 2020<br><i>HK\$'million</i>    | 2019<br><i>HK\$'million</i> | 2018<br><i>HK\$'million</i> |
| <b>GROSS MARGIN</b>  |                                |                             |                             |
| First quarter        | 91.7                           | 206.9                       | 198.9                       |
| Second quarter       | 46.6                           | 187.6                       | 180.3                       |
| Third quarter        | 59.4                           | 203.6                       | 205.9                       |
| Fourth quarter       | 86.7                           | 198.9                       | 208.1                       |
| Total                | <u>284.4</u>                   | <u>797.0</u>                | <u>793.2</u>                |
| Gross margin ratio * | <u>67.8%</u>                   | <u>69.8%</u>                | <u>70.0%</u>                |

\* Gross margin over turnover

Below is a table of comparison of the gross margin (being the Group's turnover less cost of sales) of the first, second, third and fourth quarters of 2020 and 2019:

|                     | 2020<br><i>HK\$'million</i> | Change<br>%   | 2019<br><i>HK\$'million</i> |
|---------------------|-----------------------------|---------------|-----------------------------|
| <b>GROSS MARGIN</b> |                             |               |                             |
| First quarter       | 91.7                        | -55.7%        | 206.9                       |
| Second quarter      | 46.6                        | -75.2%        | 187.6                       |
| Third quarter       | 59.4                        | -70.8%        | 203.6                       |
| Fourth quarter      | 86.7                        | -56.4%        | 198.9                       |
| Total               | <u>284.4</u>                | <u>-64.3%</u> | <u>797.0</u>                |

## 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 Group's turnover less cost of sales and direct operating costs) of the Group for the Year was about HK\$94.6 million as compared to gross operating profit of last year of HK\$123.9 million. The gross operating loss was mainly attributable to the lower turnover contribution from the Group's business as a result of the negative impact of the Covid-19 infection. The Group's gross operating (loss)/profit and gross operating (loss)/profit ratio for the last three years are as follows:

|                                       | For the year ended 31 December |                             |                             |
|---------------------------------------|--------------------------------|-----------------------------|-----------------------------|
|                                       | 2020<br><i>HK\$'million</i>    | 2019<br><i>HK\$'million</i> | 2018<br><i>HK\$'million</i> |
| <b>GROSS OPERATING (LOSS)/PROFIT</b>  |                                |                             |                             |
| First quarter                         | (18.2)                         | 38.6                        | 45.8                        |
| Second quarter                        | (40.6)                         | 21.3                        | 26.5                        |
| Third quarter                         | (25.1)                         | 35.5                        | 38.8                        |
| Fourth quarter                        | (10.7)                         | 28.5                        | 35.7                        |
| Total                                 | <u>(94.6)</u>                  | <u>123.9</u>                | <u>146.8</u>                |
| Gross operating (loss)/profit ratio # | <u>(22.6)%</u>                 | <u>10.8%</u>                | <u>13.0%</u>                |

# Gross operating (loss)/profit over turnover

Below is a table of comparison of the gross operating (loss)/profit (being the Group's turnover less cost of sales and direct operating costs) of the first, second, third and fourth quarters of 2020 and 2019:

|                                      | 2020<br><i>HK\$'million</i> | Change<br>% | 2019<br><i>HK\$'million</i> |
|--------------------------------------|-----------------------------|-------------|-----------------------------|
| <b>GROSS OPERATING (LOSS)/PROFIT</b> |                             |             |                             |
| First quarter                        | (18.2)                      | N/A         | 38.6                        |
| Second quarter                       | (40.6)                      | N/A         | 21.3                        |
| Third quarter                        | (25.1)                      | N/A         | 35.5                        |
| Fourth quarter                       | (10.7)                      | N/A         | 28.5                        |
| Total                                | <u>(94.6)</u>               | <u>N/A</u>  | <u>123.9</u>                |

## MANAGEMENT DISCUSSION AND ANALYSIS – Continued

### FINANCIAL REVIEW – Continued

#### EBITDA

The EBITDA of the Group after and before depreciation on right-of-use assets for the Year were negative EBITDA approximately HK\$55.4 million and positive EBITDA approximately HK\$49.0 million respectively as compared to those of the negative EBITDA of HK\$275.5 million and HK\$134.3 million for the year of 2019. The EBITDA was mainly attributable to (i) the loss attributable to owners of the Group's food souvenir business of some HK\$12.3 million; (ii) the loss from written off/impairment loss of property, plant and equipment of some HK\$29.4 million; (iii) impairment of trademarks of some HK\$1.0 million; and (iv) impairment loss on right-of-use assets of some HK\$7.0 million.

|   | For the year ended 31 December |                     |                     |
|---|--------------------------------|---------------------|---------------------|
|   | 2020                           | 2019                | 2018                |
|   | <i>HK\$'million</i>            | <i>HK\$'million</i> | <i>HK\$'million</i> |
| EBITDA/(Negative EBITDA)                        | <u>49.0</u>                    | <u>(134.3)</u>      | <u>17.9</u>         |
| EBITDA/(Negative EBITDA) against turnover ratio | <u>11.7%</u>                   | <u>(11.8)%</u>      | <u>1.6%</u>         |

#### Net (Loss)/Profit

The loss attributable to owners of the Company for the Year was approximately HK\$120.9 million as compared to the loss attributable to owners of the Company for last year of HK\$376.8 million. The loss attributable to owners of the Company was mainly attributable to the various losses as mentioned above.

The loss attributable to owners of the Company and loss attributable to owners of the Company against turnover ratio over the last three years are as follows:

|   | For the year ended 31 December |                     |                     |
|---|--------------------------------|---------------------|---------------------|
|   | 2020                           | 2019                | 2018                |
|   | <i>HK\$'million</i>            | <i>HK\$'million</i> | <i>HK\$'million</i> |
| Loss attributable to owners of the Company                        | <u>(120.9)</u>                 | <u>(376.8)</u>      | <u>(60.1)</u>       |
| Loss attributable to owners of the Company against turnover ratio | <u>(28.8)%</u>                 | <u>(33.0)%</u>      | <u>(5.3)%</u>       |



## MANAGEMENT DISCUSSION AND ANALYSIS – Continued

### FINANCIAL REVIEW – Continued

#### Net (Loss)/Profit – Continued

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

|  | <b>2020</b><br><i>HK\$'million</i> | Change<br>% | 2019<br><i>HK\$'million</i> |
|--|------------------------------------|-------------|-----------------------------|
| <b>(LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY</b> |                                    |             |                             |
| First quarter  | <b>(63.8)</b>                      | +262.5%     | (17.6)                      |
| Second quarter   | <b>(46.5)</b>                      | -10.7%      | (52.1)                      |
| Third quarter  | <b>(25.1)</b>                      | -82.2%      | (141.0)                     |
| Fourth quarter   | <b>14.5</b>                        | N/A         | (166.1)                     |
| The Year   | <b>(120.9)</b>                     | -67.9%      | (376.8)                     |

Details of the (loss)/profit attributable to owners of the Company for the Year are as follows:

|  | <b>2020</b><br><i>HK\$'million</i> | Change<br>% | 2019<br><i>HK\$'million</i> |
|--|------------------------------------|-------------|-----------------------------|
| <b>(LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY</b> |                                    |             |                             |
| Food and catering business                                 | <b>(115.0)</b>                     | -34.2%      | (174.9)                     |
| Food souvenir business                                     | <b>(12.3)</b>                      | -32.0%      | (18.1)                      |
| Property investment business                               | <b>15.9</b>                        | N/A         | (169.4)                     |
| Other revenue, corporate payroll and unallocated expenses  | <b>(9.5)</b>                       | -34.0%      | (14.4)                      |
| Total  | <b>(120.9)</b>                     | -67.9%      | (376.8)                     |

**MANAGEMENT DISCUSSION AND ANALYSIS – Continued****FINANCIAL REVIEW – Continued****Net (Loss)/Profit – Continued**

Details of the profit/(loss) attributable to owners of the Company for the first, second, third and fourth quarters of 2020 and 2019 are as follows:

|  | <b>2020</b>               |                          |                           |                          |
|--|---------------------------|--------------------------|---------------------------|--------------------------|
|  | <b>Fourth<br/>quarter</b> | <b>Third<br/>quarter</b> | <b>Second<br/>quarter</b> | <b>First<br/>quarter</b> |
|  | <i>HK\$'million</i>       | <i>HK\$'million</i>      | <i>HK\$'million</i>       | <i>HK\$'million</i>      |
| <b>(LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY</b> |                           |                          |                           |                          |
| Food and catering business                                 | 7.4                       | (23.7)                   | (39.7)                    | (59.0)                   |
| Food souvenir business                                     | (6.4)                     | (1.8)                    | (0.3)                     | (3.8)                    |
| Property investment business                               | 15.7                      | 2.2                      | (3.9)                     | 1.9                      |
| Other revenue, corporate payroll and unallocated expenses  | (2.2)                     | (1.8)                    | (2.6)                     | (2.9)                    |
|  | <u>14.5</u>               | <u>(25.1)</u>            | <u>(46.5)</u>             | <u>(63.8)</u>            |
| Total  | <u>14.5</u>               | <u>(25.1)</u>            | <u>(46.5)</u>             | <u>(63.8)</u>            |
|  | <b>2019</b>               |                          |                           |                          |
|  | <b>Fourth<br/>quarter</b> | <b>Third<br/>quarter</b> | <b>Second<br/>quarter</b> | <b>First<br/>quarter</b> |
|  | <i>HK\$'million</i>       | <i>HK\$'million</i>      | <i>HK\$'million</i>       | <i>HK\$'million</i>      |
| <b>(LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY</b> |                           |                          |                           |                          |
| Food and catering business                                 | (103.0)                   | (41.2)                   | (24.4)                    | (6.2)                    |
| Food souvenir business                                     | (10.6)                    | 0.6                      | (3.6)                     | (4.5)                    |
| Property investment business                               | (47.8)                    | (97.9)                   | (20.5)                    | (3.2)                    |
| Other revenue, corporate payroll and unallocated expenses  | (4.7)                     | (2.5)                    | (3.6)                     | (3.7)                    |
|  | <u>(166.1)</u>            | <u>(141.0)</u>           | <u>(52.1)</u>             | <u>(17.6)</u>            |
| Total  | <u>(166.1)</u>            | <u>(141.0)</u>           | <u>(52.1)</u>             | <u>(17.6)</u>            |

## MANAGEMENT DISCUSSION AND ANALYSIS – Continued

### FINANCIAL REVIEW – Continued

#### Net (Loss)/Profit – Continued

Details of a breakdown of the profit/(loss) attributable to owners of the Company by geographical locations for the Year are as follows:

|  | <b>2020</b><br><i>HK\$'million</i> | Change<br>% | 2019<br><i>HK\$'million</i> |
|--|------------------------------------|-------------|-----------------------------|
| <b>(LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY</b> |                                    |             |                             |
| Macau  | <b>(112.5)</b>                     | +603.1%     | (16.0)                      |
| Mainland China   | <b>(1.1)</b>                       | -99.4%      | (188.1)                     |
| Hong Kong  | <b>(11.1)</b>                      | -91.3%      | (127.8)                     |
| Taiwan   | <b>3.8</b>                         | N/A         | (44.9)                      |
| Total  | <b>(120.9)</b>                     | -67.9%      | (376.8)                     |

Below is a table of comparison of the results attributable to owners of the Company by geographical locations of the first, second, third and fourth quarters of 2020 and 2019:

|  | <b>2020</b>                                      |   |  |   |
|--|--|---|--|---|
|  | <b>Fourth<br/>quarter</b><br><i>HK\$'million</i> | <b>Third<br/>quarter</b><br><i>HK\$'million</i> | <b>Second<br/>quarter</b><br><i>HK\$'million</i> | <b>First<br/>quarter</b><br><i>HK\$'million</i> |
| <b>(LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY</b> |  |   |  |   |
| Macau  | <b>8.2</b>                                       | <b>(30.1)</b>                                   | <b>(53.5)</b>                                    | <b>(37.1)</b>                                   |
| Mainland China   | <b>3.3</b>                                       | <b>8.6</b>                                      | <b>3.1</b>                                       | <b>(16.1)</b>                                   |
| Hong Kong  | <b>2.6</b>                                       | <b>(3.8)</b>                                    | <b>(1.8)</b>                                     | <b>(8.1)</b>                                    |
| Taiwan   | <b>0.4</b>                                       | <b>0.2</b>                                      | <b>5.7</b>                                       | <b>(2.5)</b>                                    |
| Total  | <b>14.5</b>                                      | <b>(25.1)</b>                                   | <b>(46.5)</b>                                    | <b>(63.8)</b>                                   |

## MANAGEMENT DISCUSSION AND ANALYSIS – Continued

### FINANCIAL REVIEW – Continued

#### Net (Loss)/Profit – Continued

|  | 2019                                     |   |  |   |
|--|--|---|--|---|
|  | Fourth<br>quarter<br><i>HK\$'million</i> | Third<br>quarter<br><i>HK\$'million</i> | Second<br>quarter<br><i>HK\$'million</i> | First<br>quarter<br><i>HK\$'million</i> |
| <b>(LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY</b> |  |   |  |   |
| Macau  | 3.8                                      | 5.6                                     | (27.0)                                   | 1.6                                     |
| Mainland China   | (59.4)                                   | (110.5)                                 | (8.1)                                    | (10.1)                                  |
| Hong Kong  | (75.9)                                   | (32.1)                                  | (13.6)                                   | (6.2)                                   |
| Taiwan   | (34.6)                                   | (4.0)                                   | (3.4)                                    | (2.9)                                   |
| Total  | <u>(166.1)</u>                           | <u>(141.0)</u>                          | <u>(52.1)</u>                            | <u>(17.6)</u>                           |

#### Loss per Share

The Net Ordinary Operating Loss for the Year was approximately HK\$128.0 million as compared to the Net Ordinary Operating Loss for last year of HK\$360.0 million. Such Net Ordinary Operating Loss for the Year was mainly due to the various losses mentioned above.

Set out below are the Net Ordinary Operating Loss with Net Ordinary Operating Loss ratio (Net Ordinary Operating Loss against turnover) for the last three years ended 31 December 2020:

|  | For the year ended 31 December |                             |                             |
|--|--------------------------------|-----------------------------|-----------------------------|
|  | 2020<br><i>HK\$'million</i>    | 2019<br><i>HK\$'million</i> | 2018<br><i>HK\$'million</i> |
| Net Ordinary Operating Loss                        | <u>(128.0)</u>                 | <u>(360.0)</u>              | <u>(55.1)</u>               |
| Net Ordinary Operating Loss against turnover ratio | <u>(30.5)%</u>                 | <u>(31.5)%</u>              | <u>(4.9)%</u>               |

## MANAGEMENT DISCUSSION AND ANALYSIS – Continued

### FINANCIAL REVIEW – Continued

#### Loss per Share – Continued

The loss per Share of the Company for the Year was some HK17.42 cents as compared to loss per Share of HK54.28 cents for the year of 2019. The Group's loss per Share over the last three years are as follows:

|                        | <b>For the year ended 31 December</b> |                 |                 |
|------------------------|---------------------------------------|-----------------|-----------------|
|                        | <b>2020</b>                           | 2019            | 2018            |
|                        | <i>HK cents</i>                       | <i>HK cents</i> | <i>HK cents</i> |
| Loss per share – basic | <u>(17.42)</u>                        | <u>(54.28)</u>  | <u>(8.66)</u>   |

The loss per Share of the Company based on the Net Ordinary Operating Loss for the Year was some HK18.43 cents as compared to the loss per Share of HK51.85 cents for the year of 2019. Below is the loss per Share based on the Net Ordinary Operating Loss over the last three years:

|   | <b>For the year ended 31 December</b> |                 |                 |
|---|---------------------------------------|-----------------|-----------------|
|   | <b>2020</b>                           | 2019            | 2018            |
|   | <i>HK cents</i>                       | <i>HK cents</i> | <i>HK cents</i> |
| Net Ordinary Operating Loss per share – basic | <u>(18.43)</u>                        | <u>(51.85)</u>  | <u>(7.94)</u>   |

#### Cash Flows

The cash outflow from operating activities of the Group for the year ended 31 December 2020 was approximately HK\$76.6 million as compared to the cash inflow of 2019 of HK\$152.3 million. The cash outflow from operating activities was mainly attributable to the lower turnover contribution from the Group's business as a result of the negative impact of the Covid-19 infection. The Group's cash (outflow)/inflow from operating activities over the last three years are as follows:

|   | <b>For the year ended 31 December</b> |                     |                     |
|---|---------------------------------------|---------------------|---------------------|
|   | <b>2020</b>                           | 2019                | 2018                |
|   | <i>HK\$'million</i>                   | <i>HK\$'million</i> | <i>HK\$'million</i> |
| Cash (outflow)/inflow from operating activities | <u>(76.6)</u>                         | <u>152.3</u>        | <u>40.5</u>         |

## MANAGEMENT DISCUSSION AND ANALYSIS – Continued

### FINANCIAL REVIEW – Continued

#### Net Current (Liabilities)/Assets

As at 31 December 2020, the Group has recognized on its balance sheet a total right-of-use assets of HK\$187.7 million, and a total lease liabilities of HK\$217.5 million, in which lease liabilities payable within one year were HK\$87.5 million that were recognized as current liabilities with considerable adverse impact on the Group's net current assets level as shown below. The net current liabilities of the Group as at 31 December 2020 were approximately HK\$190.4 million, details of which are set out as follows:

|   | <b>2020</b><br><i>HK\$'million</i> | Change<br>% | 2019<br><i>HK\$'million</i> |
|---|------------------------------------|-------------|-----------------------------|
| Total current assets  | <b>153.8</b>                       | -62.5%      | 409.7                       |
| Total current liabilities without lease liabilities under HKFRS 16        | <b>(256.7)</b>                     | -28.4%      | (358.4)                     |
| Net current (liabilities)/assets without lease liabilities under HKFRS 16 | <b>(102.9)</b>                     | N/A         | 51.3                        |
| Current portion of lease liabilities under HKFRS 16                       | <b>(87.5)</b>                      | -31.1%      | (127.0)                     |
| Net current liabilities   | <b>(190.4)</b>                     | +151.5%     | (75.7)                      |

The net current liabilities of the Group was partly attributable to a change of accounting standard under HKFRS 16 “Right-of-use assets” which has considerable impact on the Group's balance sheet and on the disclosure requirements for the Group under the Listing Rules. HKFRS 16 “Right-of-use assets”, which superseded HKAS 17 “Leases” and related interpretations, has since 1 January 2019 introduced a single lessee accounting model and required a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognize depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. This accounting treatment is significantly different from the lessee accounting for leases that used to be classified as operating leases under the predecessor standard, HKAS 17. The net current liabilities of the Group as at 31 December 2020 would be approximately HK\$102.9 million if the Group's leases were classified as operating leases under the predecessor standard, HKAS 17.

In view of the net current liabilities as at 31 December 2020, the going concern assumption made in relation to the basis of preparation of the Group's financial statements for the Year is stated in the note 3(b) to the Financial Statements of this announcement.

## MANAGEMENT DISCUSSION AND ANALYSIS – Continued

### FINANCIAL REVIEW – Continued

#### Net Assets

The net assets of the Group as at 31 December 2020 were approximately HK\$492.1 million, representing a decrease of approximately 23.3% as compared to those of HK\$641.7 million for the year of 2019. The decrease in net assets was mainly attributable to the Group's loss attributable to owners of the Company of some HK\$120.9 million for the Year. The net assets and net assets per Share of the Group as at 31 December 2020, 2019 and 2018 are as follows:

|                              | For the year ended 31 December |                             |                             |
|------------------------------|--------------------------------|-----------------------------|-----------------------------|
|                              | 2020<br><i>HK\$'million</i>    | 2019<br><i>HK\$'million</i> | 2018<br><i>HK\$'million</i> |
| Net assets                   | <u>492.1</u>                   | <u>641.7</u>                | <u>981.5</u>                |
|                              | <i>HK\$</i>                    | <i>HK\$</i>                 | <i>HK\$</i>                 |
| Net assets per Share – basic | <u>0.709</u>                   | <u>0.924</u>                | <u>1.414</u>                |

#### OPERATIONS REVIEW

During the Year, the Group's principal activities were in the sales of food and catering, food souvenir and property investment.

#### Food and Catering Business

The operational financials of the Group's food and catering business for the years ended 31 December 2020 and 2019 are as follows:

|  | 2020<br><i>HK\$'million</i> | Change<br>%   | 2019<br><i>HK\$'million</i> |
|--|-----------------------------|---------------|-----------------------------|
| Turnover                                   | 365.5                       | -64.7%        | 1,035.5                     |
| Cost of sales                              | <u>(119.8)</u>              | <u>-62.2%</u> | <u>(316.6)</u>              |
| Gross margin                               | 245.7                       | -65.8%        | 718.9                       |
| Direct operating expenses                  | <u>(341.5)</u>              | <u>-42.9%</u> | <u>(598.0)</u>              |
| Gross operating (loss)/profit              | <u>(95.8)</u>               | N/A           | <u>120.9</u>                |
| Gross operating (loss)/profit margin (%)   | <b>(26.2)%</b>              | -37.9%        | 11.7%                       |
| Loss attributable to owners of the Company | <u>(115.0)</u>              | <u>-34.2%</u> | <u>(174.9)</u>              |

## MANAGEMENT DISCUSSION AND ANALYSIS – Continued

### OPERATIONS REVIEW – Continued

#### Food and Catering Business – Continued

During the Year, the Group’s food and catering business contributed some HK\$365.5 million turnover representing about 87.1% of turnover of the Group. The decrease in turnover for the Group’s food and catering business was mainly attributable to the negative impact of the Covid-19 infection. More details on this business are set out in the section headed “Chairman’s Statement” of this announcement.

#### *Restaurant Chain*

During the Year, the Group closed down 5 self-owned restaurants, 12 franchise restaurants and 1 joint-venture’s restaurant. As at 31 December 2020, the Group had 37 restaurants (including 23 self-owned restaurants and 14 franchise restaurants) and 23 food court counters.

Analysis of the number of restaurants for the last three years and as at 30 March 2021, being the date of this announcement (excluding the joint venture’s restaurant) are listed as follows:

|   | As at the<br>date of this<br>announcement | As at 31 December     |                |                |
|---|---|-----------------------|----------------|----------------|
|   |   | 2020                  | 2019           | 2018           |
| <b>Number of restaurants</b>  |   |                       |                |                |
| Japanese restaurants ( <i>note a</i> )  | 8   | <b>8</b>              | 10             | 11             |
| Chinese restaurants ( <i>note b</i> )   | 7   | <b>7</b>              | 8              | 9              |
| Western and other restaurants ( <i>note c</i> )                                   | 6   | <b>6</b>              | 7              | 9              |
| Food court counters ( <i>note d</i> )   | 22  | <b>23</b>             | 23             | 12             |
| Franchise restaurants ( <i>note e</i> )   | 14  | <b>14</b>             | 26             | 24             |
|   | 57  | <b>58</b>             | 74             | 65             |
| Industrial catering ( <i>note f</i> )   | 2   | <b>2</b>              | 3              | 4              |
|   | <b>59</b>                                 | <b>60</b>             | <b>77</b>      | <b>69</b>      |
| Total areas of self-owned and franchise<br>restaurants (sq.ft.) ( <i>note g</i> ) | 166,266 sq.ft.                            | <b>166,266 sq.ft.</b> | 233,256 sq.ft. | 259,245 sq.ft. |
| Turnover against total areas of restaurants<br>(per sq.ft. per annum)             | Not applicable                            | <b>HK\$2,198</b>      | HK\$4,439      | HK\$4,069      |



## MANAGEMENT DISCUSSION AND ANALYSIS – Continued

### OPERATIONS REVIEW – Continued

#### Food and Catering Business – Continued

##### *Restaurant Chain – Continued*

*Note a:* As at 31 December 2020, Japanese restaurants included 6 Edo Japanese Restaurants, 1 Senkizen Japanese Restaurant and 1 Musashi Japanese Restaurant.

*Note b:* As at 31 December 2020, Chinese restaurants included 1 Turtle Essence, 1 “456” Modern Shanghai Cuisine Restaurant, 1 Shiki Hot Pot Restaurant, 1 Seasons Bright Restaurant, 1 Good Fortune Cantonese Kitchen, 1 Fortune Inn Restaurant and 1 noodle congee shop.

*Note c:* As at 31 December 2020, Western and other restaurants included 1 Madeira Portuguese Restaurant, 4 Azores Restaurants and 1 sandwich bars.

*Note d:* As at 31 December 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 Kitchen food court counter and 10 food court counters-Food Playground.

*Note e:* As at 31 December 2020, franchise restaurants included 3 Pacific Coffee shops, and 4 Pepper Lunch, 4 Bari-Uma ramen, 1 Fu-Un-Maru, 1 Mad for Garlic Restaurant and 1 Bistro Seoul Restaurant.

*Note f:* As at 31 December 2020, industrial catering included 2 student/staff canteens.

*Note g:* The total gross floor area as at 31 December 2019 and 2018 had been calculated with exclusion of 6,158 sq.ft. gross floor area of a joint venture’s restaurant.

Analysis of the number of restaurants and food court counters by geographical locations or the last three years (excluding the joint venture’s restaurant) are listed as follows:

|                              | As at 31 December |       |       |
|------------------------------|-------------------|-------|-------|
|                              | 2020              | 2019  | 2018  |
| <b>Number of restaurants</b> |                   |       |       |
| Macau                        | 23                | 26    | 31    |
| Mainland China               | 6                 | 11    | 11    |
| Hong Kong                    | 7                 | 14    | 14    |
| Taiwan                       | 1                 | 3     | 1     |
|                              | <hr/>             | <hr/> | <hr/> |
| Total                        | 37                | 54    | 57    |
|                              | <hr/>             | <hr/> | <hr/> |

## MANAGEMENT DISCUSSION AND ANALYSIS – Continued

### OPERATIONS REVIEW – Continued

#### Food and Catering Business – Continued

##### *Restaurant Chain – Continued*

|                                      | As at 31 December |           |           |
|--------------------------------------|-------------------|-----------|-----------|
|                                      | 2020              | 2019      | 2018      |
| <b>Number of food court counters</b> |                   |           |           |
| Macau                                | 11                | 11        | 11        |
| Mainland China                       | –                 | –         | –         |
| Hong Kong                            | 12                | 12        | 1         |
| Taiwan                               | –                 | –         | –         |
|                                      | <hr/>             | <hr/>     | <hr/>     |
| Total                                | <b>23</b>         | <b>23</b> | <b>12</b> |

Details of the Group’s restaurants are to be set out in the section headed “List of Restaurants/ Food Court Counters/Stores” of the Company’s 2020 annual report.

##### *Industrial Catering*

The Group’s industrial catering business derives from its provision of canteen services for universities and school with a modest turnover of some HK\$12.3 million for the Year, representing a decrease of 69.8%, as compared to that of HK\$40.7 million for the year of 2019. The decrease in turnover of industrial catering business was mainly attributable to the negative impact of the Covid-19 infection. More details on this business are set out in the section headed “Chairman’s Statement” of this announcement.

##### *Food Wholesale*

The Group’s wholesale business of Japanese food and materials was profitable for the Year with some turnover of HK\$15.7 million, representing a decrease of some 64.9% as compared to that of HK\$44.7 million for the year of 2019. The decrease in turnover of food wholesale business was mainly attributable to the negative impact of the Covid-19 infection. More details on this business are set out in the section headed “Chairman’s Statement” of this announcement.

## MANAGEMENT DISCUSSION AND ANALYSIS – Continued

### OPERATIONS REVIEW – Continued

#### Food Souvenir Business

The operational financials of the Group's food souvenir business for the years ended 31 December 2020 and 2019 are as follows:

|  | <b>2020</b><br><i>HK\$'million</i> | Change<br>% | 2019<br><i>HK\$'million</i> |
|--|------------------------------------|-------------|-----------------------------|
| Turnover                                   | <b>34.7</b>                        | –65.5%      | 100.7                       |
| Cost of sales                              | <b>(14.5)</b>                      | –48.0%      | (27.9)                      |
| Gross margin                               | <b>20.2</b>                        | –72.3%      | 72.8                        |
| Direct operating expenses                  | <b>(37.5)</b>                      | –50.1%      | (75.1)                      |
| Gross operating loss                       | <b>(17.3)</b>                      | +652.2%     | (2.3)                       |
| Gross operating loss margin (%)            | <b>(49.9)%</b>                     | –47.6%      | (2.3)%                      |
| Loss attributable to owners of the Company | <b>(12.3)</b>                      | –32.0%      | (18.1)                      |

The Group's food souvenir business has been adversely affected by the negative impact of the Covid-19 infection in the Year. The Group's food souvenir business has in the Year recorded a total turnover of some HK\$34.7 million with a loss attributable to owners of the Company of some HK\$12.3 million (comprising of operation losses of some HK\$2.1 million, an impairment loss on property, plant and equipment of some HK\$8.7 million and an impairment loss on intangible assets of some HK\$1.5 million), as against the turnover of some HK\$100.7 million with a loss attributable to owners of the Company of some HK\$18.1 million for the year of 2019. Further details of the Group's food souvenir business are set out in the section headed "Chairman's Statement" of this announcement.

## MANAGEMENT DISCUSSION AND ANALYSIS – Continued

### OPERATIONS REVIEW – Continued

#### Food Souvenir Business – Continued

During the Year, the Group closed down 1 Yeng Kee bakery shop in Macau. Analysis of the number of Yeng Kee bakery shops/kiosks for the last three years by geographical location is listed as follows:

|   | As at 31 December |           |           |
|---|-------------------|-----------|-----------|
|   | 2020              | 2019      | 2018      |
| <b>Number of Yeng Kee bakery shops/kiosks</b> |                   |           |           |
| Macau   | 9                 | 10        | 13        |
| Mainland China                                | –                 | –         | –         |
| Total   | <u>9</u>          | <u>10</u> | <u>13</u> |

Details of the Group’s food souvenir shops/kiosks are to be set out in the section headed “List of Food Souvenir Shops/Kiosks” of the Company’s 2020 annual report.

#### Property Investment Business

In the Year, the Key Investment Property has made steady rental income contribution to the Group. The Group’s net profit attributable to the Group’s property investment business was some HK\$15.9 million for the Year, as compared to the loss of HK\$169.4 million for the year of 2019. Such profit was mainly attributable to the rental income contribution and net fair value gain on the Key Investment Property of HK\$7.0 million.

As at 31 December 2020, the Key Investment Property (which comprises of the whole of the ground floor to third floor and basement level 1 to 3 of the 6-storey commercial building at Centro Commercial E Turistico “S. Paulo”, Largo), has been valued by an independent professional valuer at some HK\$568.0 million (31 December 2019: HK\$560.0 million). More details on this business are set out in the section headed “Chairman’s Statement” of this announcement.

Details of the Group’s properties are to be set out in the section headed “Group’s Properties” of the Company’s 2020 annual report.

## MANAGEMENT DISCUSSION AND ANALYSIS – Continued

### OPERATIONS REVIEW – Continued

#### Logistic Support and Human Resources

The Group's central food and logistic processing centre in Macau has become operational during the Year. The Group has also continued to actively enhance its logistic support including food sourcing and food processing facilities.

The management and staff teams have reduced during the Year to some 1,160 (2019: 2,100) people in Macau, Mainland China, Hong Kong and Taiwan now. Remuneration packages including medical plan have been and will be regularly reviewed with reference to market terms, individual qualifications, experience, duties and responsibilities. During the Year, various training activities including operational safety and management skills have been conducted to enhance operation efficiency.

#### DIVIDENDS

As a Net Ordinary Operating Loss was incurred by the Group for the Year, no dividend (2019: nil) has been recommended. The total dividends for the year ended 31 December 2020 is nil (2019: nil).

The dividend payout ratio based on the total dividends (all dividends including interim, final and if any, special dividends) over the (loss)/profit attributable to owners of the Company for the last three years are as follows:

|   | For the year ended 31 December |            |            |
|---|--------------------------------|------------|------------|
|   | 2020                           | 2019       | 2018       |
|   | %                              | %          | %          |
| Total dividend payout ratio (based on the loss attributable to owners of the Company) | <u>N/A</u>                     | <u>N/A</u> | <u>N/A</u> |

The dividend payout ratio, based on the total dividends (all dividends including interim, final and if any, special dividends) over the Net Ordinary Operating (Loss)/Profit, for the last three years are as follows:

|   | For the year ended 31 December |            |            |
|---|--------------------------------|------------|------------|
|   | 2020                           | 2019       | 2018       |
|   | %                              | %          | %          |
| Total dividend payout ratio (based on the Net Ordinary Operating (Loss)/Profit) | <u>N/A</u>                     | <u>N/A</u> | <u>N/A</u> |

## MANAGEMENT DISCUSSION AND ANALYSIS – Continued

### MATERIAL LITIGATION

As at 31 December 2020, the Group had not been involved in any material litigation or arbitration (2019: nil).

### LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated resources and banking facilities provided by its bankers. The Group's operating cash flow was decreased considerably during the Year.

As at 31 December 2020, the Group had net current liabilities of HK\$190.4 million (2019: net current liabilities of HK\$75.7 million). As at 31 December 2020, the Group had bank deposits, bank overdraft, cash and cash equivalents totaling HK\$43.7 million (2019: HK\$252.6 million), while the Group's restricted bank deposits amounted to HK\$10.0 million (2019: HK\$27.2 million), of which HK\$5.0 million (2019: HK\$5.0 million) has been pledged to a bank to secure one bank loan and the balance of HK\$5.0 million (2019: HK\$22.2 million) has been pledged to a bank for guarantee given in lieu of paying rental deposit.

As at 31 December 2020, the Group had interest-bearing bank loans of some HK\$384.4 million (2019: HK\$425.5 million). The Group's borrowings are made in Hong Kong dollars and Macau Patacas. Details of the borrowings are to be set out in the Company's 2020 annual report.

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

|               | As at 31 December |              |             |
|---------------|-------------------|--------------|-------------|
|               | 2020              | 2019         | 2018        |
|               | %                 | %            | %           |
| Gearing ratio | <u>149.7</u>      | <u>130.0</u> | <u>74.8</u> |

The increase in the Group's gearing ratio as at 31 December 2020 was mainly due to the increase of net debts and the decrease of the Group's total equity.

The ratio of the total assets against total liabilities of the Group as at 31 December 2020 was 1.61 (2019: 1.59).

## MANAGEMENT DISCUSSION AND ANALYSIS – Continued

### 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 Year and granted by various banks (“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.

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\$236.81 million (equivalent to approximately MOP243.91 million). This mortgage loan is repayable within 15 years from February 2011 on the terms and conditions therein contained. As at 31 December 2020, the outstanding loan amount was approximately HK\$60.4 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 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 31 December 2020, the outstanding loan amount was approximately HK\$7.2 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 31 December 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\$38.83 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 31 December 2020, the outstanding bank overdraft was some HK\$32.1 million (as at 31 December 2019: HK\$36.0 million).

## MANAGEMENT DISCUSSION AND ANALYSIS – Continued

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

- (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 31 December 2020, the outstanding loan amount was approximately HK\$140.3 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\$97.08 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 31 December 2020, the outstanding loan amount was approximately HK\$95.2 million (as at 31 December 2019: HK\$97.1 million).

As at 31 December 2020, the total outstanding bank loans with the abovementioned specific performance covenant were some HK\$364.5 million (as at 31 December 2019: HK\$405.0 million). If there is a breach of the abovementioned specific performance covenant 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 31 December 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.

### CAPITAL EXPENDITURES

The Group's capital expenditures on the acquisitions of investment properties and property, plant and equipment for the Year were nil (2019: nil) and approximately HK\$8.9 million (2019: HK\$90.2 million) respectively.

The Group's capital expenditures on the acquisitions of trademark, franchise and royalties for the Year were nil (2019: nil), nil (2019: HK\$0.9 million) and nil (2019: HK\$0.1 million) respectively.



## **MANAGEMENT DISCUSSION AND ANALYSIS – Continued**

### **CHARGES ON GROUP ASSETS**

As at 31 December 2020 and 2019, the Group has pledged its investment properties in Macau to a bank in Macau to secure three mortgage loans and a bank overdraft facility. The Group has also pledged two land and buildings in Macau to another bank in Macau to secure 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 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 to be set out in “Restricted Bank Deposits” and “Interest Bearing Borrowings” in the Company’s 2020 annual report.

### **CONTINGENT LIABILITIES**

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

### **CURRENCY EXPOSURE**

As at 31 December 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.

### **CHANGES IN THE GROUP’S COMPOSITION**

The Group had no material changes in its composition during the Year.

### **EMPLOYEES**

The Group employed, as at 31 December 2020, a total of 1,160 (2019: 2,130) full-time staff, in which 797 (2019: 1,354) full-time staff in Macau, 176 (2019: 373) full-time staff in Mainland China, 163 (2019: 324) full-time staff in Hong Kong and 24 (2019: 79) full-time staff in Taiwan. 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 detailed remuneration packages for the employees are determined by the management based on their performance.

An employee share option scheme of the Company was adopted on 8 June 2012 and effective for a period of 10 years since the date of adoption. Details of the retirement benefits schemes of the Group are to be set out in notes to the financial statements of the Company’s 2020 annual report. The contributions to the retirement schemes charged to the consolidated income statement during the Year was approximately HK\$4.4 million (2019: HK\$14.4 million), after deducting forfeitures of approximately HK\$9.0 million (2019: HK\$2.7 million). As at 31 December 2020, forfeited contributions available to reduce future contributions amounted to approximately HK\$2.8 million (as at 31 December 2019: HK\$0.5 million).

## MANAGEMENT DISCUSSION AND ANALYSIS – Continued

### USE OF PROCEEDS

On 18 December 2019, the Group completed its disposal to an independent third party for the whole of its Hengqin Land 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 31 December 2020, the Group has applied HK\$173.8 million of the net proceeds, details are as follows:

|                              | <b>2020</b>         | 2019                |
|------------------------------|---------------------|---------------------|
|                              | <i>HK\$'million</i> | <i>HK\$'million</i> |
| Repayment of bank borrowings | <b>85.0</b>         | 39.6                |
| Opening of new restaurants   | –                   | –                   |
| Working capital              | <b>88.8</b>         | 88.8                |
|                              | <hr/>               | <hr/>               |
| Total                        | <b>173.8</b>        | 128.4               |
|                              | <hr/>               | <hr/>               |

The Group will further apply the remaining proceeds of HK\$153.3 million for the repayment of bank borrowings, opening of new restaurants and its working capital, in light of the current difficult operation environment.

### CLOSURE OF REGISTER OF MEMBERS

The register of shareholders of the Company will be closed from Tuesday, 18 May 2021 to Monday, 24 May 2021 (both days inclusive), during which period no transfer of Shares will be registered, for the purpose of ascertaining Shareholders' eligibility to attend and vote at the 2021 AGM. The record date for the 2021 AGM shall be 24 May 2021. In order to qualify as shareholders of the Company to attend, act and vote at the 2021 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 17 May 2021.

In view of the recent developments relating to Covid-19 infection, the Company strongly recommends the Shareholders intending to attend the 2021 AGM to vote by filling in and submitting the proxy form, i.e. to indicate their voting intention in the proxy form and designate the chairman of the 2021 AGM as your proxy to vote on your behalf on site. The form of proxy will be despatched to Shareholders and can also be downloaded from the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.fb.com.hk](http://www.fb.com.hk). To be valid, the form of proxy must be deposited at the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, on Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the 2021 AGM or any adjourned meeting, as the case may be.

## **MANAGEMENT DISCUSSION AND ANALYSIS – Continued**

### **CLOSURE OF REGISTER OF MEMBERS – Continued**

The Company will also take the following precautions and control measures at the 2021 AGM to protect the Shareholders from the risk of infection:

- a. Compulsory body temperature check will be taken for every Shareholder or proxy at the entrance of the venue and anyone with a body temperature of more than 37.3 degrees Celsius will not be given access to the venue;
- b. Every Shareholder or proxy is required to wear facial surgical mask before entering into the venue and during their attendance of the 2021 AGM; and
- c. No refreshment will be served.

### **CONTINUING CONNECTED TRANSACTIONS**

#### **Lease Agreements**

Mr. Chan Chak Mo (“Mr. Chan”) is a beneficial shareholder and an executive Director, and thus a connected person of the Company. Pursuant to a lease agreement dated 29 August 2014 (“Lease Agreement”) and a series of supplementary agreements dated 14 December 2015, 9 January 2017, 28 September 2017, 27 September 2018, 26 March 2019, 30 June 2019 and 26 September 2019, 1 February 2020 and 25 September 2020 (together with the Lease Agreement, collectively the “Lease Agreements”) between Mr. Chan (as landlord) and Bright Elite Gourmet Company Limited (“Bright Elite”), a subsidiary of the Company (as tenant), Bright Elite leased the 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 for an initial term of three years commencing from 1 October 2014 to 30 September 2017 and extending to 30 September 2021. The monthly rentals under the Lease Agreements for the year ended 30 September 2020 and the year ending 30 September 2021 are HK\$240,000 and HK\$150,000 respectively. Rental relief of HK\$1,560,000 was granted by Mr. Chan in the year ended 30 September 2020.

During the year ended 31 December 2020, the Group paid rental of HK\$1,050,000 to Mr. Chan.

This connected transaction is exempted from the announcement requirement under the Listing Rules.

Particulars of this connected transaction, which is also a related party transaction, are disclosed in the consolidated financial statements in accordance with HKAS 24 Related Party Disclosures. The rental of HK\$1,050,000 (2019: HK\$3,420,000) paid for the above shop premise for the Year is disclosed and included under note 14(b) to the financial statements of this announcement.

## **CONTINUING CONNECTED TRANSACTIONS – Continued**

### **Advertising Agreements**

Pursuant to an advertising contract dated 23 August 2019 between Mr. Chan (as Media Service Provider) and FB Group Enterprises Management Company Limited (“FBG”), a subsidiary of the Company (as advertiser), FBG had been provided advertising services in Macau for a term of one year commencing from 1 September 2019 to 31 August 2020 at an annual consideration of Macau Patacas (“MOP”) 270,000.

Pursuant to an advertising contract dated 20 September 2020 between Mr. Chan (as Media Service Provider) and FBG, a subsidiary of the Company (as advertiser), FBG is provided advertising services in Macau for a term of one year commencing from 1 October 2020 to 30 September 2021 at an annual consideration of MOP270,000.

During the year ended 31 December 2020, the Group paid advertising fee of MOP247,500 (equivalent to approximately HK\$240,000) to Mr. Chan.

This connected transaction is exempted from the announcement requirement under the Listing Rules.

Particulars of this connected transaction, which is also a related party transaction, are disclosed in the consolidated financial statements in accordance with HKAS 24 Related Party Disclosures. The advertisement fee of MOP247,500 (equivalent to approximately HK\$240,000) (2019: MOP270,000 (equivalent to approximately HK\$262,000)) paid for the above advertising services for the Year is disclosed and included under note 14(c) to the financial statements of this announcement.

The independent non-executive Directors confirm that the above transactions have been entered into by the Company in the ordinary course of its business, on normal commercial terms from independent third parties, and in accordance with the terms of the agreement governing such transactions that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company’s auditor was engaged to report on the Group’s continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 “Auditor’s Letter on Continuing Connected Transactions under the Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions in accordance with Rule 14A.38 of the Listing Rules. A copy of the auditor’s letter has been provided by the Company to the Stock Exchange.

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

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

## **SUFFICIENCY OF PUBLIC FLOAT**

The Company has maintained a sufficient public float throughout the Year.

## **AUDIT COMMITTEE**

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

## **RISK COMMITTEE**

The risk committee of the Board consists of two independent non-executive Directors, namely, Mr. Chan Pak Cheong Afonso (Chairman), Mr. Yu Kam Yuen, Lincoln and an executive Director, namely, Mr. Chan See Kit, Johnny. The risk committee's role is to make recommendation to the Board on the risk management framework and internal control policies. The principal duties of the risk committee include reviewing and monitoring the Company's risks. The risk committee also reviews the effectiveness of the enterprise risk management function, including staffing level and qualification as well as risk reports and breaches of risk tolerances and policies from time to time.

## **CORPORATE GOVERNANCE**

The Company has complied with the CG Code for the Year as set out in Appendix 14 to 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 the Model Code. Having made specific enquiry with them, all Directors have confirmed that they have complied with the standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company.

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

## EVENTS AFTER THE REPORTING DATE

After the outbreak of Covid-19 infection in early 2020, a series of precautionary and control measures have been and continued to be implemented across many countries/regions. The Group will pay close attention to the development of Covid-19 infection and evaluate its impact on the financial position and operating results of the Group. Pending development of such subsequent non-adjusting event, the Group's financial and operating performance may be affected, the extent to which cannot be estimated as at the date of this announcement.

Save as disclosed above, there is no significant subsequent events after the year end date of 31 December 2020.

## DEFINITIONS

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

|                      |   |
|----------------------|---|
| 2021 AGM             | The Company's annual general meeting to be held on 24 May 2021            |
| Board                | The board of Directors  |
| CG Code              | The Corporate Governance Code set out in Appendix 14 to the Listing Rules |
| CGU                  | A cash-generating unit  |
| Company              | Future Bright Holdings Limited  |
| Director(s)          | Director(s) of the Company  |
| EBITDA               | Profit before interests, tax expense, depreciation and amortization       |
| Financial Statements | The audited consolidated financial statements of the Group for the Year   |
| FVTPL                | Fair value through profit or loss   |
| 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   |

## DEFINITIONS – Continued

|                                      |   |
|--------------------------------------|---|
| Hong Kong                            | 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 located at the Centro Commercial E Turistico “S. Paulo”, Largo da Companhia 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 set out in 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 gain/loss of the investment properties  |
| RMB                                  | Renminbi  |
| 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   |
| Year                                 | Year ended 31 December 2020   |

## **ANNUAL GENERAL MEETING AND ANNUAL REPORT**

The 2021 AGM of the Company will be held on Monday, 24 May 2021. The notice of 2021 AGM together with the Company's 2020 annual report and all other relevant documents (the "Documents") will be despatched to the Shareholders on or about 16 April 2021. The Documents and this announcement shall also be published on the website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at [www.fb.com.hk](http://www.fb.com.hk).

## **BOARD OF DIRECTORS**

As at the date hereof, the members of the board of directors of the Company comprise (i) Mr. Chan Chak Mo, the Managing Director, (ii) Mr. Chan See Kit, Johnny, the Chairman and executive Director, (iii) Ms. Leong In Ian, the executive Director and (iv) 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, 30 March 2021