Future Bright Holdings Limited

佳景集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 703)

LOSS ALERT FOR THE THREE MONTHS ENDED 31 MARCH 2021 AND BUSINESS UPDATE OF THE GROUP FOR THE FIRST QUARTER OF 2021

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

The board ("Board") of directors of Future Bright Holdings Limited ("Company" and together with its subsidiaries "Group") wishes to inform the shareholders of the Company and potential investors of a loss alert for the three months ended 31 March 2021 ("Period or First Quarter"). Based on its unaudited management information currently available, the Group has recorded an unaudited loss attributable to owners of the Company of some HK$29.4 million for the Period, as compared to an unaudited loss attributable to owners of the Company of some HK$63.8 million for the same period of last year.

The Board is also to give an update on the business performance of the Group for the First Quarter herein, based on its unaudited management information currently available.

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

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

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

* *For identification purpose only*

LOSS ALERT FOR THE PERIOD

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

	For the three months ended 31 March		
	2021	2020	Change
	HK$'million	*HK$'million*	%
	(Unaudited)	(Unaudited)	
LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY			
The Period	**(29.4)**	(63.8)	–53.9%

In the Period, the Group has sustained a drop of some 16.0% in its turnover due to the Covid-19 infection, where its unaudited loss attributable to owners of the Company was some HK$29.4 million for the Period which has been mainly attributable to (i) a loss of HK$26.9 million from its food and catering business, and (ii) a loss of HK$2.5 million from food souvenir business, although the Group has recorded a profit of some HK$2.6 million from the property investment business.

For the Period in respect of the exchange differences on translating foreign operations which relate mainly to the Group's subsidiary companies in Mainland China, the Group has recorded an unaudited other comprehensive loss of some HK$0.6 million for the Period.

During the Period, the Group has not recorded any fair value gain or loss (First quarter of 2020: nil) in respect of its commercial building ("Key Investment Property") located at the prime tourist location near Centro Commercial E Turistico "S. Paulo", Largo da Companha de Jesus N°2, Em Macau (澳門耶穌會紀念廣場2號牌坊廣場購物旅遊中心) in Macau.

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

	For the three months ended 31 March		
	2021	2020	Change
	HK$'million	*HK$'million*	%
	(Unaudited)	(Unaudited)	
Net loss attributable to owners of the Group's food souvenir business	**(2.5)**	(3.8)	–34.2%
Loss on written off of/impairment loss on property, plant and equipment of restaurants	**(3.6)**	(1.0)	+260.0%

OPERATIONAL FINANCIALS

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

	For the three months ended 31 March		
	2021	2020	Change
	HK$'million	*HK$'million*	%
	(Unaudited)	(Unaudited)	
TURNOVER			
Restaurants:			
Japanese restaurants	**30.3**	28.0	+8.2%
Chinese restaurants	**19.4**	17.6	+10.2%
Western and other restaurants *(note 1)*	**11.7**	8.4	+39.3%
Food court counters	**12.0**	31.5	–61.9%
Franchise restaurants *(note 2)*	**17.4**	25.9	–32.8%
	90.8	111.4	–18.5%
Industrial catering	**4.8**	2.5	+92.0%
Food wholesale	**3.9**	4.8	–18.8%
Food and catering business	**99.5**	118.7	–16.2%
Food souvenir business	**6.7**	8.8	–23.9%
Property investment business	**4.9**	4.7	+4.3%
Total	**111.1**	132.2	–16.0%

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

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

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

	For the three months ended 31 March		
	2021	2020	Change
	HK$'million	*HK$'million*	%
	(Unaudited)	(Unaudited)	
TURNOVER			
Macau	**73.7**	80.4	–8.3%
Mainland China	**14.5**	9.1	+59.3%
Hong Kong	**20.1**	38.7	–48.1%
Taiwan	**2.8**	4.0	–30.0%
Total	**111.1**	132.2	–16.0%

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

	For the three months ended 31 March		
	2021	2020	Change
	HK$'million	*HK$'million*	%
	(Unaudited)	(Unaudited)	
Turnover	**111.1**	132.2	–16.0%
Cost of sales	**(34.0)**	(40.5)	–16.0%
Gross margin	**77.1**	91.7	–15.9%
Direct operating expenses	**(83.8)**	(109.9)	–23.7%
Gross operating loss	**(6.7)**	(18.2)	–63.2%
Gross operating loss margin (%)	**(6.0)%**	(13.8)%	+7.8%

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

	For the three months ended 31 March		
	2021	2020	Change
	HK$'million	*HK$'million*	%
	(Unaudited)	(Unaudited)	
SAME STORE TURNOVER			
Restaurants:			
Japanese restaurants	**30.3**	26.2	+15.6%
Chinese restaurants	**19.4**	14.8	+31.1%
Western and other restaurants	**11.7**	7.7	+51.9%
Food court counters	**12.0**	30.2	–60.3%
Franchise restaurants	**17.4**	14.1	+23.4%
	90.8	93.0	–2.4%
Industrial catering	**4.8**	1.5	+220.0%
Restaurants and industrial catering business	**95.6**	94.5	+1.2%
Food souvenir business	**6.7**	7.6	–11.8%
Total	**102.3**	102.1	+0.2%

Note 3: Same store performance is compared on the basis of those restaurants/shops/outlets which were in place in the same periods of 2021 and 2020 only.

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

	For the three months ended 31 March		
	2021	2020	Change
	HK$'million	*HK$'million*	%
	(Unaudited)	(Unaudited)	
PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Food and catering business	**(26.9)**	(59.0)	–54.4%
Food souvenir business	**(2.5)**	(3.8)	–34.2%
Property investment business	**2.6**	1.9	+36.8%
Other revenue, corporate payroll and unallocated expenses	**(2.6)**	(2.9)	–10.3%
Total	**(29.4)**	(63.8)	–53.9%

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

	For the three months ended 31 March		
	2021	2020	Change
	HK$'million	*HK$'million*	%
	(Unaudited)	(Unaudited)	
PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Macau	**(22.4)**	(37.1)	–39.6%
Mainland China	**(1.9)**	(16.1)	–88.2%
Hong Kong	**(5.6)**	(8.1)	–30.9%
Taiwan	**0.5**	(2.5)	N/A
Total	**(29.4)**	(63.8)	–53.9%

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

	For the three months ended 31 March		
	2021	2020	Change
	HK$'million	*HK$'million*	%
	(Unaudited)	(Unaudited)	
Other revenue, gains and losses:			
– Loss on written off of/impairment loss on property, plant and equipment of restaurants	**(3.6)**	(1.0)	+260.0%
– Gain on lease modification	**0.6**	–	N/A
– Rent concessions	**6.3**	–	N/A
– Others *(note 4)*	**4.4**	(1.2)	N/A
Administrative expenses	**(26.8)**	(35.5)	–24.5%
Finance costs	**(5.3)**	(9.1)	–41.8%

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

The Group's business in the First Quarter has been still adversely affected under the Covid-19 infection leading to losses in Macau, Mainland China and Hong Kong, although the Group has recorded only a mild drop of some 8.3% in turnover in Macau and a considerable increase of some 59.3% in turnover in Mainland China. The Group has in the First Quarter recorded some HK$111.1 million turnover with a loss attributable to owners of the Company of some HK$29.4 million, as compared to some HK$132.2 million turnover with a loss attributable to owners of the Company of some HK$63.8 million for the same quarter of 2020.

Our group has also in the First Quarter 2021 recorded:

(i) A drop of some 16.0% in turnover as compared to that of same quarter of 2020;

(ii) Decreases of some 16.0% in cost of sales (food costs), of some 23.7% in direct operating expenses, of some 24.5% in administrative expenses, of some 41.8% in finance costs, as compared to that of the same quarter of 2020;

(iii) (6.0)% in gross operating loss ratio as compared to that gross operating loss ratio of (13.8)% for the same quarter of 2020;

(iv) A loss attributable to owners of the Company of some HK$29.4 million as compared to a loss attributable to owners of the Company of some HK$63.8 million for the same quarter of 2020;

(v) A gross margin ratio of some 69.4% with an EBITDA at some HK$4.8 million as against a gross margin ratio of some 69.4% with a negative EBITDA at some HK$6.4 million for the same quarter of 2020; and

(vi) An increase of some 1.2% in the same store performance of its restaurants and industrial catering business, and a decrease of some 11.8% in the same store performance of its food souvenir shops, as compared to that of the same quarter of 2020.

The performance of different restaurants in different food types in the First Quarter is set out above. As compared to the performance of the Group in the same quarter of 2020, the overall turnover drop of the Group has been largely due to the Covid-19 infection and temporary closure of a food court counter in Hong Kong International Airport in the First Quarter. The Group's food and catering business in Macau in the First Quarter has performed in line with the drop of the visitor inflow to Macau, where the level of visitor's inflow to Macau has dropped by 46.0% to 1.738 million in the First Quarter, as compared to 3.219 million in the same quarter of 2020.

The unaudited gross operating loss (being turnover less food costs and direct operating costs) margins of the Group's food and catering business and food souvenir business for the first quarter of 2021 and 2020 were as follows:

	2021 (Unaudited)	2020 (Unaudited)	Change %
Gross operating loss margin of food and catering business:			
First quarter	**–8.9%**	–16.9%	+8.0%
Gross operating loss margin of food souvenir business:			
First quarter	**–37.3%**	–29.5%	–7.8%

BUSINESS UPDATE

The Covid-19 infection has continued to adversely affect the retail business in Hong Kong and to some extent the visitors flow to Macau and hence, the Group's overall business in the First Quarter too. On 31 March 2021, the Group closed down a Chinese restaurant, a Franchise Korean restaurant and a food court counter in Macau, all due to its poor performance. As compared to the same quarter of 2020, the loss attributable to owners of the Company excluding any net fair value gain/loss of the investment properties ("Net Ordinary Operating Loss") was HK$29.4 million, as against a Net Ordinary Operating Loss of some HK$63.8 million for the same quarter of 2020. Such decrease in loss was attributable to the closure of restaurants with poor performance and cost control during the First Quarter.

There have been signs of improvement on the scale of Covid-19 infection from April 2021, and with more people getting vaccines, retail business has started to improve slightly with some relaxation of the social distancing measures. Hopefully, the Group's business will benefit from such relaxation of social distancing measures so as to eventually improve more, especially when the social distancing measures and travel quarantine requirements may be further relaxed gradually leading to more visitors to visit Macau and Hong Kong. Management expects that the operating environment of the Group in the second and third quarters of 2021 will still be challenging.

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

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

Hong Kong, 14 May 2021

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.