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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)

DISCLOSEABLE TRANSACTION IN RELATION TO THE ENTERING INTO OF A SUPPLEMENTAL AGREEMENT AND A LICENCE AGREEMENT

On 27 July 2021, Bright Rich and FB Restaurant, being wholly-owned subsidiaries of the Company, entered into the Supplemental Agreement with the Landlord pursuant to which Bright Rich surrendered and agreed to surrender to the Landlord certain parts of the Premises leased under the Tenancy Agreement. On the same day, Bright Rich also entered into the Licence Agreement with the Landlord pursuant to which the Landlord granted a non-exclusive licence to Bright Rich to operate a light refreshment restaurant and a seating area in the Licensed Premises (which form part of the Surrendered Premises).

Taking into account the transactions under the Agreements, the Group in effect surrendered and agreed to surrender to the Landlord such part of the Premises with gross floor area of approximately 10,860 square feet (the “**Relevant Premises**”), representing approximately 66.9% of the gross floor area of the Premises leased under the Tenancy Agreement.

The surrender of the Relevant Premises will result in a decrease in the amount of right-of-use asset recognized and such decrease in right-of-use asset will be regarded as a disposal of asset by the Group within the meaning of Rule 14.04(1)(a) of the Listing Rules.

The highest of the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in respect of the transactions under the Agreements exceeds 5% but is below 25%. Accordingly, the transactions contemplated under the Agreements constitute a disclosable transaction for the Company, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

* For identification purpose only

A. INTRODUCTION

On 27 July 2021, Bright Rich and FB Restaurant, being wholly-owned subsidiaries of the Company, entered into the Supplemental Agreement with the Landlord pursuant to which Bright Rich surrendered and agreed to surrender to the Landlord certain parts of the Premises leased under the Tenancy Agreement. On the same day, Bright Rich also entered into the Licence Agreement with the Landlord pursuant to which the Landlord granted a non-exclusive licence to Bright Rich to operate a light refreshment restaurant and a seating area in the Licensed Premises (which form part of the Surrendered Premises).

Taking into account the transactions under the Agreements, the Group in effect surrendered and agreed to surrender to the Landlord such part of the Premises with gross floor area of approximately 10,860 square feet (the “**Relevant Premises**”), representing approximately 66.9% of the gross floor area of the Premises leased under the Tenancy Agreement.

B. THE SUPPLEMENTAL AGREEMENT

The principal terms of the Supplemental Agreement are set out below:

Date of the Supplemental Agreement: 27 July 2021

Parties: (1) Bright Rich (as tenant);
(2) FB Restaurant (as surety); and
(3) the Landlord (as landlord).

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, the Landlord and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

Surrendered Premises: Bright Rich surrendered and agreed to surrender to the Landlord the following premises:

- (1) Counter M, Counter O, Counter P and certain food court seating area (which includes a bar area) on Level Basement 2 of K11 Musea (the “**Surrendered Counters and Seating Area**”); and
- (2) Shop No. B203, B203A, F and G on Level Basement 2 of K11 Musea (the “**Surrendered Shop Area**”).

Original Term of Tenancy Agreement: Five years commenced on 30 April 2019 with an option to renew for a further term of three years.

Surrender Date: Bright Rich surrendered to the Landlord the Surrendered Counters and Seating Area on the date of the Supplemental Agreement, being 27 July 2021, and agreed to surrender to the Landlord the Surrendered Shop Area on the Shop Area Surrender Date, being a date to be specified by the Landlord which shall be no later than 29 October 2021.

Adjustment to Fees: After surrender of the Surrendered Counters and Seating Area

Following the surrender of the Surrendered Counters and Seating Area, the monthly base rent payable by Bright Rich under the Tenancy Agreement shall be reduced by approximately HK\$900,000 to HK\$1,000,000.

After surrender of the Surrendered Shop Area

Following the surrender of the Surrendered Shop Area, the monthly base rent payable by Bright Rich under the Tenancy Agreement shall be further reduced by approximately HK\$190,000 to HK\$220,000.

Adjustment to Deposit: Following the surrender of the Surrendered Counters and Seating Area, the deposit required to be maintained with the Landlord shall be reduced to HK\$1,862,944. The amount of deposit shall be further reduced to HK\$1,077,227 following the surrender of the Surrendered Shop Area.

Surety Obligation: FB Restaurant will guarantee Bright Rich's performance and compliance of the terms and conditions of the Supplemental Agreement.

C. THE LICENCE AGREEMENT

The principal terms of the Licence Agreement are set out below:

Date of Licence Agreement: 27 July 2021

Parties: (1) Bright Rich (as licensee); and
(2) the Landlord (as licensor).

Licensed Premises: The Landlord has granted a non-exclusive and revocable licence to Bright Rich to use part of the food court seating area (including the bar area) on Level Basement 2 of K11 Musea (the "**Licensed Premises**")

Licence Period:	A period commencing on 30 April 2021 and expiring on 29 April 2024 (both dates inclusive).
Gross Floor Area:	Approximately 6,256 square feet
Fees:	The monthly licence fee payable by Bright Rich under the Licence Agreement is approximately HK\$500,000 to HK\$570,000, exclusive of air-conditioning charges, management fee, promotion levy and Government rates. After surrender of the Surrendered Shop Area Following the surrender of the Surrendered Shop Area under the Supplemental Agreement and in the event that the bar area is surrendered, the monthly licence fee payable by Bright Rich under the Licence Agreement shall be reduced by approximately HK\$300,000.
Deposit:	Bright Rich is required to place with the Landlord a security deposit in the sum of HK\$2,266,106.
User:	As a light refreshment restaurant and a seating area

D. EFFECT OF THE AGREEMENTS

Pursuant to the Agreements, Bright Rich surrendered and agreed to surrender to the Landlord the Surrendered Premises but will continue to rent the remaining premises leased under the Tenancy Agreement, and will use the Licensed Premises (which form part of the Surrendered Premises) under a non-exclusive licence.

Taking into account the transactions under the Agreements, the Group in effect surrendered and agreed to surrender to the Landlord the Relevant Premises which represents approximately 66.9% of the gross floor area of the Premises leased under the Tenancy Agreement. The surrender of the Relevant Premises will result in a decrease in the amount of right-of-use asset recognized and such decrease in right-of-use asset will be regarded as a disposal of asset by the Group within the meaning of Rule 14.04(1)(a) of the Listing Rules.

The carrying amount of the right-of-use asset relating to the Tenancy Agreement recognized under application of HKFRS 16 as at 31 December 2020 amounted to approximately HK\$48.0 million. On the basis that the Shop Area Surrender Date is 29 October 2021, there will be a net decrease in value of the right-of-use asset related to the Tenancy Agreement amounting to approximately HK\$27.6 million as a result of the transactions under the Agreements. It is estimated that no gain/loss to the Group will arise from the disposal of the right-of-use asset. This estimation is based on the carrying amount in relation to the Tenancy Agreement after the Shop Area Surrender Date, and before taking into account the related transaction expenses and taxation. The actual financial effect to the Group from the Agreements and the amount involved will be dependent on the actual Shop Area Surrender Date.

E. REASONS FOR AND BENEFITS OF THE AGREEMENTS

The Group is principally engaged in the business of sales of food and catering, food souvenir and property investment. Due to the outbreak of Covid-19, the food and catering business of the Group has been adversely affected and the Group recorded a loss of approximately HK\$120.9 million for the year ended 31 December 2020. Accordingly, the Group has negotiated with the Landlord to surrender part of the Premises leased under the Tenancy Agreement without penalty by entering into of the Agreements to reduce its rental expenses and so as to reduce the financial burden of the Group.

The terms of the Agreements are agreed to by the Group after arm's length's negotiations with the Landlord. The Directors consider that the terms of the Agreements are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

F. IMPLICATIONS UNDER THE LISTING RULES

The surrender of the Relevant Premises will result in a decrease in the amount of right-of-use asset recognized and such decrease in right-of-use asset will be regarded as a disposal of asset by the Group within the meaning of Rule 14.04(1)(a) of the Listing Rules.

The highest of the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in respect of the transactions under the Agreements exceeds 5% but is below 25%. Accordingly, the transactions contemplated under the Agreements constitute a disclosable transaction for the Company, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

G. DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Agreements”	the Supplemental Agreement and the Licence Agreement
“Board”	the board of Directors
“Bright Rich”	Bright Rich Restaurant Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company, and is the tenant under the Tenancy Agreement and the Supplemental Agreement, and the licensee under the Licence Agreement
“Company”	Future Bright Holdings Limited (Stock Code: 703), a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company

“FB Restaurant”	Future Bright Restaurant (Hong Kong) Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company, and is the surety under the Tenancy Agreement and the Supplemental Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“K11 Musea”	the shopping mall known as K11 Musea situated at Victoria Dockside, 18 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong
“Landlord”	Hong Kong Island Development Limited, the landlord under the Tenancy Agreement and the Supplemental Agreement, and the licensor under the Licence Agreement, which is principally engaged in the business of property investment. To the best of the knowledge, information and belief of the Directors, the Landlord is a wholly-owned subsidiary of New World Development Company Limited (Stock Code: 17), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Licence Agreement”	the licence agreement entered into between Bright Rich and the Landlord on 27 July 2021 in relation to the Licensed Premises
“Licensed Premises”	as defined in part C of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Premises”	the premises leased under the Tenancy Agreement which consist of: <ul style="list-style-type: none"> (a) Shop No. B203, B203A, Tray Washroom, F, G, H, I, J, K, M, O and P; and (b) certain food court seating area, on Level Basement 2 of K11 Musea
“Relevant Premises”	as defined in part A of this announcement

“Shop Area Surrender Date”	the date on which Bright Rich shall surrender the Surrendered Shop Area, being a date to be specified by the Landlord which shall be no later than 29 October 2021
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement to the Tenancy Agreement entered into among Bright Rich, FB Restaurant and the Landlord on 27 July 2021 in relation to the surrender of the Surrendered Premises
“Surrendered Counters and Seating Area”	as defined in part B of this announcement
“Surrendered Premises”	the premises surrendered and to be surrendered under the Supplemental Agreement which consists of the Surrendered Counters and Seating Area and the Surrendered Shop Area
“Surrendered Shop Area”	as defined in part B of this announcement
“Tenancy Agreement”	the tenancy agreement entered into among Bright Rich, FB Restaurant and the Landlord on 24 April 2019 in relation to the Premises (as supplemented by the Supplemental Agreement)

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

Hong Kong, 27 July 2021

As at the date hereof, the members of the Board comprise (i) Mr. Chan Chak Mo, the Managing Director, (ii) Mr. Chan See Kit Johnny, the Chairman and an Executive Director, (iii) Ms. Leong In Ian, an Executive Director and (iv) Mr. Cheung Hon Kit, Mr. Yu Kam Yuen, Lincoln and Mr. Chan Pak Cheong Afonso, the Independent Non-Executive Directors.