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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

FINANCIAL HIGHLIGHTS	For the six months ended 30 June		Change %
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	
Turnover	233,827	200,224	+16.8%
Gross margin	162,941	138,277	+17.8%
Gross operating profit/(loss)	166	(58,795)	N/A
Positive/(Negative) EBITDA	17,768	(21,686)	N/A
Loss attributable to owners of the Company	(46,935)	(110,352)	-57.5%
Net Ordinary Operating Loss	(46,935)	(104,192)	-55.0%
Basic loss per share	HK(6.76) cents	HK(15.89) cents	-57.5%
Special interim dividend per share	Nil	Nil	N/A
	As at 30 June 2021 (Unaudited) HK\$'000	As at 31 December 2020 (Audited) HK\$'000	Change %
Total assets	1,212,241	1,294,551	-6.4%
Net assets	437,659	492,083	-11.1%
Net assets per share	HK\$0.630	HK\$0.709	-11.1%
Gearing ratio	161.5%	149.7%	+11.8%
Total assets/total liabilities ratio	1.57	1.61	-2.5%

* For identification purpose only

INTERIM RESULTS

The Directors of Future Bright Holdings Limited are pleased to announce the unaudited consolidated interim results of the Group for the six months ended 30 June 2021 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Notes	Six months ended 30 June	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Turnover	7	233,827	200,224
Cost of sales		<u>(70,886)</u>	<u>(61,947)</u>
Gross margin		162,941	138,277
Direct operating expenses		<u>(162,775)</u>	<u>(197,072)</u>
Gross operating profit/(loss)		166	(58,795)
Other revenue		5,664	10,530
Other gains and losses		8,205	23,588
Administrative expenses		(52,466)	(72,023)
Share of loss of a joint venture		–	(1,574)
Finance costs	9	<u>(10,256)</u>	<u>(17,236)</u>
Loss before income tax	8	(48,687)	(115,510)
Income tax (expense)/credit	10	<u>(1,127)</u>	<u>2,353</u>
Loss for the period		(49,814)	(113,157)
Other comprehensive (loss)/income, net of tax Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		<u>(4,610)</u>	<u>1,974</u>
Total comprehensive loss for the period		<u>(54,424)</u>	<u>(111,183)</u>
Loss attributable to:			
Owners of the Company		(46,935)	(110,352)
Non-controlling interests		<u>(2,879)</u>	<u>(2,805)</u>
		<u>(49,814)</u>	<u>(113,157)</u>
Total comprehensive loss attributable to:			
Owners of the Company		(51,545)	(108,378)
Non-controlling interests		<u>(2,879)</u>	<u>(2,805)</u>
		<u>(54,424)</u>	<u>(111,183)</u>
Loss per share			
– Basic and diluted (HK cents per share)	12	<u>(6.76)</u>	<u>(15.89)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

		30 June 2021	31 December 2020
		(Unaudited)	(Audited)
	<i>Notes</i>	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment		222,032	248,636
Right-of-use assets		136,930	187,718
Investment properties		568,000	568,000
Goodwill		81,781	81,781
Other intangible assets		15,870	16,550
Deposits	<i>13</i>	34,107	38,041
Total non-current assets		1,058,720	1,140,726
Current assets			
Inventories		28,846	26,025
Trade and other receivables	<i>13</i>	48,403	51,927
Financial assets at fair value through profit or loss		37	55
Restricted bank deposits		8,490	10,023
Cash and cash equivalents		67,745	65,795
Total current assets		153,521	153,825
Total assets		1,212,241	1,294,551
Current liabilities			
Trade and other payables	<i>14</i>	141,265	124,874
Lease liabilities		70,075	87,520
Current tax liabilities		31,956	32,355
Interest bearing borrowings		64,873	98,099
Non-interest bearing borrowings		1,388	1,388
Total current liabilities		309,557	344,236
Net current liabilities		(156,036)	(190,411)
Total assets less current liabilities		902,684	950,315

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – Continued
AS AT 30 JUNE 2021

	30 June 2021 (Unaudited) <i>Notes</i> <i>HK\$'000</i>	31 December 2020 (Audited) <i>HK\$'000</i>
Non-current liabilities		
Lease liabilities	91,981	129,995
Interest bearing borrowings	331,114	286,307
Deferred tax liabilities	36,501	36,501
Non-interest bearing borrowings	5,429	5,429
	<hr/>	<hr/>
Total non-current liabilities	465,025	458,232
	<hr/>	<hr/>
Total liabilities	774,582	802,468
	<hr/>	<hr/>
NET ASSETS	437,659	492,083
	<hr/>	<hr/>
Capital and reserves attributable to owners of the Company		
Share capital	69,430	69,430
Reserves	394,123	445,668
	<hr/>	<hr/>
Equity attributable to owners of the Company	463,553	515,098
Non-controlling interests	(25,894)	(23,015)
	<hr/>	<hr/>
TOTAL EQUITY	437,659	492,083
	<hr/>	<hr/>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

30 JUNE 2021

1. GENERAL INFORMATION

Future Bright Holdings Limited is a public limited company incorporated in Bermuda. Its shares are listed on The Stock Exchange of Hong Kong Limited (“Stock Exchange”). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. Its head office and principal place of business are at Units 803 and 804 on the 8th Floor, Seaview Commercial Building, Nos. 21-24 Connaught Road West, Sheung Wan, Hong Kong. The Group, comprising the Company and its subsidiaries, is engaged in sales of food and catering, sales of food souvenir and property investment.

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”), issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. These condensed consolidated interim financial statements were authorised for issue on 27 August 2021.

These condensed consolidated interim financial statements have been prepared with the same accounting policies adopted in the 2020 annual financial statements, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2021 and the amendments to Hong Kong Financial Reporting Standard (“HKFRS”) 16: COVID-19 Related Rent Concessions beyond 30 June 2021, which were early adopted before its effective date. Details of any changes in accounting policies are set out in note 4.

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

In preparing the Group’s condensed consolidated interim financial statements, the Directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group has incurred a loss of approximately Hong Kong Dollar (“HK\$”) 49,814,000 and at the end of reporting period, its current liabilities exceeded its current assets by approximately HK\$156,036,000.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – Continued
30 JUNE 2021

2. BASIS OF PREPARATION – Continued

The Directors of the Company consider that the Group has various measures and will have adequate funds available to enable it to operate as a going concern, taken into account the past operating performance of the Group and the following:

- (i) Up to the date of 2021 interim report, the Group had unused bank and credit facilities for capital expenditures of a total amount of approximately HK\$68,010,000;
- (ii) 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;
- (iii) 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
- (iv) The Group will consider realising the investment properties of the Group with a fair value of approximately HK\$568,000,000 as at 30 June 2021 which are pledged to secure several bank loans, when necessary.

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. 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 condensed consolidated interim financial statements of the Group for the six months ended 30 June 2021 on a going concern basis.

These condensed consolidated interim financial statements are presented in HK\$, unless otherwise stated. These condensed consolidated interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2020 annual financial statements. These condensed consolidated interim financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRSs”) and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2020.

These condensed consolidated interim financial statements are unaudited, but has been reviewed by BDO Limited in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the HKICPA. BDO Limited’s independent review report to the Board of Directors is included in 2021 interim report.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – Continued

30 JUNE 2021

3. SIGNIFICANT EVENT

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

Rent concessions received from lessors

The Group has received rent concessions (e.g. reductions in rent contractually due under the terms of lease agreements) from lessors due to the Group being unable to operate, reduced customers visit due to seating limit and social distancing measures for significant periods of time.

As discussed in note 4, the Group had elected to apply the practical expedient introduced by the amendments in June 2020 to HKFRS 16 to all rent concessions that satisfy the criteria. Substantially all of the rent concessions entered by 31 December 2020 satisfied the criteria to apply the practical expedient and were accounted for accordingly.

For the six months ended 30 June 2021, the application of the practical expedient has resulted in the reduction of total lease liabilities of approximately HK\$10,429,000. The effect of this reduction has been recorded in profit or loss in the period in which the event or condition that triggers those payments occurs.

4. CHANGES IN HKFRSs

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – Continued
30 JUNE 2021

4. CHANGES IN HKFRSs – Continued

Amendments to HKFRS 16: COVID-19-Related Rent Concessions beyond 30 June 2021

In April 2021, the HKICPA amended HKFRS 16 Leases, extending the practical expedient in order to permit lessees to apply it to rent concessions for which reductions in lease payments affect payments originally due on or before 30 June 2022. This amendment is applicable for annual reporting periods beginning on or after 1 April 2021, with early application permitted, including in financial statements not authorised for issue at 9 April 2021.

The Group has early adopted this amendment for its annual reporting period beginning on 1 January 2021.

During the year ended 31 December 2020, The Group had elected to apply the practical expedient provided by the amendment to HKFRS 16 issued in June 2020. In accordance with this practical expedient, the rent concessions received affecting payments originally due on or before 30 June 2021 were not accounted as lease modifications. The ineligible rent concessions that affected payments originally due after 30 June 2021 but before 30 June 2022 were accounted for as lease modifications, as they were not eligible for the application of the practical expedient in the financial statements for the year ended 31 December 2020.

The ineligible rent concessions now qualify for application of the practical expedient due to the amendment issued in April 2021.

The transitional requirements of the extension to the practical expedient require retrospective application, with the cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the entity first applies the amendment. There is no impact on the opening balance of equity of the Group at 1 January 2021.

During the six months ended 30 June 2021, the Group has entered into additional rent concessions that satisfy the criteria for the application of the extended practical expedient. The Group has applied the practical expedient to these rent concessions. Accounting for the 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 effect of applying the practical expedient is disclosed as follows:

During the six months ended 30 June 2021, the Group received rent concessions of approximately HK\$10,429,000 (Six months ended 30 June 2020: HK\$30,815,000) in the form of a discount on fixed payments during the period of severe social distancing and travel restriction measures introduced to contain the spread of COVID-19.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – Continued

30 JUNE 2021

5. USE OF JUDGEMENTS AND ESTIMATES

In preparing this condensed consolidated interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2020 annual financial statements.

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

- (a) Whether rent concessions satisfy the criteria to be accounted for using the practical expedient introduced by the amendments to HKFRS 16;
- (b) Calculating the recoverable amount for cash generating units that exhibit indicators of impairment as at the period end, and determining the amount of impairment attributable to the cash generating units; and
- (c) Determining which information obtained subsequent to period end provides evidence of conditions that existed as at the end of the reporting period ('adjusting events after the reporting period') and which do not ('non-adjusting events after the reporting period'). For disclosure of non-adjusting events after the reporting period, refer to note 15.

Additionally, while the changes in the following estimates and judgments have not had a material impact on the Group, the effects of COVID-19 have required revisions to the assessment of the Group's ability to continue as a going concern. In the light of recovering performance, the Directors do not consider that there are material uncertainties that cast doubt on the Group's going concern status over the course of the next 12 months. This judgment was made in consideration of the Group's liquidity position, given the underlying strength of the condensed consolidated statement of financial position, the maturity dates of existing borrowings, the availability of undrawn bank and credit facilities in place, and based on the assumptions alongside the Directors proposed responses to each scenario. Under each scenario, mitigating actions are all within management control, can be initiated as they relate to discretionary spend, and do not impact on the ability to meet demand. No significant structural changes to the business are assumed to be required under each scenario. Under each scenario, after taking mitigating actions as required, the forecasts indicate that it is appropriate for the going concern basis to be adopted in preparing the condensed consolidated interim financial statements, and that there are no material uncertainties over the assumptions underpinning this judgment that are required to be disclosed.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – Continued
30 JUNE 2021

6. SEGMENT REPORTING

(a) Business segments

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

The Group has three reportable segments. These segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

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

Inter-segment transactions are priced with reference to prices charged to external parties for similar order. Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' profit that is used by the chief operating decision-maker for assessment of segment performance.

For the six months ended 30 June 2021

	Food and catering (Unaudited) HK\$'000	Food souvenir (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Inter- segment elimination (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Revenue					
Revenue from external customers	209,152	14,680	9,995	–	233,827
Revenue from inter-segment	–	–	87	(87)	–
Other revenue	5,529	48	87	–	5,664
Reportable segment revenue	<u>214,681</u>	<u>14,728</u>	<u>10,169</u>	<u>(87)</u>	<u>239,491</u>
Results					
Reportable segment (loss)/profit before tax and non-controlling interests	<u>(40,847)</u>	<u>(7,031)</u>	<u>4,000</u>	<u>–</u>	<u>(43,878)</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – Continued
30 JUNE 2021

6. SEGMENT REPORTING – Continued

(a) Business segments – Continued

As at 30 June 2021

	Food and catering (Unaudited) HK\$'000	Food souvenir (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Reportable segment assets*	559,473	57,857	594,202	1,211,532
Reportable segment liabilities	447,319	18,047	308,516	773,882
Reportable segment net assets	<u>112,154</u>	<u>39,810</u>	<u>285,686</u>	<u>437,650</u>

Other information

	Food and catering (Unaudited) HK\$'000	Food souvenir (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Unallocated (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
For the six months ended 30 June 2021					
Interest income	222	3	–	–	225
Interest expense	6,774	251	3,231	–	10,256
Capital expenditure on property, plant and equipment	45	78	–	–	123
Depreciation of property, plant and equipment	14,641	2,267	415	21	17,344
Depreciation of right-of-use assets	36,481	1,961	–	–	38,442
Amortisation of other intangible assets	310	103	–	–	413
Loss on written off of other intangible assets	289	–	–	–	289
Loss on written off of property, plant and equipment	4,774	–	–	–	4,774
Fair value loss on financial assets at fair value through profit or loss	–	–	–	18	18
Impairment loss on property, plant and equipment	4,716	–	–	–	4,716
Gain on lease modification	811	156	–	–	967
Rent concessions	9,392	1,037	–	–	10,429
Income tax expense	91	–	1,036	–	1,127

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – Continued
30 JUNE 2021

6. SEGMENT REPORTING – Continued

(a) Business segments – Continued

For the six months ended 30 June 2020

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

As at 31 December 2020

	Food and catering (Audited) HK\$'000	Food souvenir (Audited) HK\$'000	Property investment (Audited) HK\$'000	Total (Audited) HK\$'000
Reportable segment assets*	638,798	62,051	592,403	1,293,252
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 30 June 2021, food and catering and food souvenir segment assets included cash and bank balances of approximately HK\$64,732,000 (31 December 2020: HK\$64,437,000) and approximately HK\$691,000 (31 December 2020: HK\$873,000) respectively, while property investment segment assets included cash and bank balances of approximately HK\$2,155,000 (31 December 2020: HK\$166,000), and investment properties of approximately HK\$568,000,000 (31 December 2020: HK\$568,000,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – Continued
30 JUNE 2021

6. SEGMENT REPORTING – Continued

(a) Business segments – Continued

Other information

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – Continued
30 JUNE 2021

6. SEGMENT REPORTING – Continued

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

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Revenue		
Reportable segment revenue	239,491	210,754
Other revenue	(5,664)	(10,530)
	<u>233,827</u>	<u>200,224</u>
Loss before income tax		
Reportable segment loss	(43,878)	(109,263)
Other gains and losses	(36)	761
Fair value loss on financial assets at fair value through profit or loss	(18)	(15)
Corporate payroll expenses	(2,460)	(3,510)
Unallocated expenses	(2,295)	(3,483)
	<u>(48,687)</u>	<u>(115,510)</u>

(c) Geographical information

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

	Revenue from external customers		Non-current assets (other than financial assets)	
	Six months ended 30 June 2021 (Unaudited) HK\$'000	Six months ended 30 June 2020 (Unaudited) HK\$'000	As at 30 June 2021 (Unaudited) HK\$'000	As at 31 December 2020 (Audited) HK\$'000
Macau	153,540	112,829	920,895	974,207
Mainland China	27,780	20,183	31,323	37,169
Hong Kong	48,287	61,543	72,395	91,309
Taiwan	4,220	5,669	–	–
	<u>233,827</u>	<u>200,224</u>	<u>1,024,613</u>	<u>1,102,685</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – Continued
30 JUNE 2021

7. TURNOVER

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

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Revenue from contracts with customers under HKFRS 15		
Sales of food and catering	209,152	180,943
Sales of food souvenir	14,680	9,769
	223,832	190,712
Revenue from other source		
Rental income from investment properties	9,995	9,512
	233,827	200,224
By timing of revenue recognition under HKFRS 15		
At a point in time	223,832	190,712

The Group did not have any contract asset and contract liability as at 31 December 2020 and 30 June 2021.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – Continued
30 JUNE 2021

8. LOSS BEFORE INCOME TAX

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

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Costs of inventories recognised as expenses	70,415	61,714
Direct operating expenses recognised from investment properties during the period	471	233
	<hr/>	<hr/>
Cost of sales	70,886	61,947
Employee costs	96,588	134,090
Depreciation of property, plant and equipment	17,344	26,108
Depreciation of right-of-use assets	38,442	49,848
Fair value loss on investment properties	–	7,000
Contingent rental expenses	3,225	3,752
Amortisation of other intangible assets	413	632
Auditor's remuneration	430	460
Gain on lease modification	(967)	(18,233)
Gain on disposal of a subsidiary	–	(5,649)
Loss on written off of property, plant and equipment	4,774	6,508
Loss on written off of other intangible assets	289	585
Impairment loss on other intangible assets	–	808
Impairment loss of property, plant and equipment	4,716	5,737
Impairment loss of right-of-use assets	–	4,314
Rent concessions	(10,429)	(30,815)
	<hr/> (10,429)	<hr/> (30,815)

9. FINANCE COSTS

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on interest bearing borrowings:		
– Repayable within five years	2,008	2,889
– Repayable over five years	2,671	4,126
	<hr/>	<hr/>
	4,679	7,015
Imputed interest on lease liabilities	5,577	10,221
	<hr/>	<hr/>
	10,256	17,236
	<hr/> 10,256	<hr/> 17,236

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – Continued
30 JUNE 2021

10. INCOME TAX (EXPENSE)/CREDIT

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

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax:		
– Macau Complementary Income Tax	1,127	(1,404)
– Hong Kong Profits Tax	–	(109)
Deferred tax charge for the reporting period	–	(840)
	<hr/>	<hr/>
Income tax expense/(credit)	<u>1,127</u>	<u>(2,353)</u>

Macau Complementary Income Tax is calculated at the progressive rate on the estimated assessable profits for the reporting period. The maximum tax rate was 12% for the six months ended 30 June 2021 and 2020.

Mainland China Enterprise Income Tax (“EIT”) is calculated at rate of 25% (2020: 25%). No provision for EIT has been made during the reporting period as the Mainland China subsidiaries have had sufficient tax losses brought forward to set off the estimated assessable profits and had no assessable profits for EIT for the six months ended 30 June 2021 and 2020 respectively.

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for those subsidiaries of the Group which are qualifying entities under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2020: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

11. DIVIDENDS

The Directors decided not to declare any interim dividend during the six months ended 30 June 2021 and 2020.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – Continued
30 JUNE 2021

12. LOSS PER SHARE

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

(a) Basic loss per share

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Loss for the reporting period attributable to owners of the Company	<u>(46,935)</u>	<u>(110,352)</u>
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>694,302,420</u>	<u>694,302,420</u>
Basic loss per share (HK cents)	<u>(6.76)</u>	<u>(15.89)</u>

(b) Diluted loss per share

The amounts of diluted loss per share for the six months ended 30 June 2021 and 2020 were the same as basic loss per share as there were no dilutive potential ordinary shares in existence during the six months ended 30 June 2021 and 2020.

13. DEPOSITS, TRADE AND OTHER RECEIVABLES

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Current portion		
Trade receivables	23,533	23,713
Prepayments and deposits	24,198	27,146
Other receivables	<u>672</u>	<u>1,068</u>
Total	<u>48,403</u>	<u>51,927</u>
Non-current portion		
Deposits	<u>34,107</u>	<u>38,041</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – Continued
30 JUNE 2021

13. DEPOSITS, TRADE AND OTHER RECEIVABLES – Continued

The Group's sales to customers are mainly on a cash and credit card settlement. Trade receivables mainly represent the revenue collected by the operators on the Group's behalf where the restaurants of the Group are located. The credit terms granted to these operators are 30 days from the sales made.

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

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
0 to 90 days	20,078	20,075
91 days to 365 days	3,117	3,610
Over 365 days	338	28
Total	23,533	23,713

14. TRADE AND OTHER PAYABLES

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Trade payables	71,161	42,626
Accruals and provision	26,218	37,545
Construction and other payables	43,886	44,703
Total	141,265	124,874

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

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Within 90 days	69,462	40,601
91 days to 180 days	764	1,366
181 days to 365 days	457	602
More than 365 days	478	57
Total	71,161	42,626

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – Continued

30 JUNE 2021

15. EVENTS AFTER THE REPORTING PERIOD

Since the outbreak of COVID-19 in January 2020, a series of precautionary and control measures against COVID-19 has been implemented throughout different countries and regions, including restrictions and controls on travellers, traffic arrangements, quarantine of residents, heightening of hygiene and prevention requirements adopted in factories, offices and commercial premises, according to the social distancing measures implemented by government in different countries.

Given that COVID-19 to a certain extent adversely impacts upon current business operations of the Group particularly with respect to the overall economic environment in which the Group operates, the Group will pay continuous attention to the latest development of COVID-19 in order to assess and respond proactively to its associated adverse impact on the consolidated financial position and operating results of the Group. The Group will pay close attention to the development of COVID-19 and is continuously assessing its possible range of financial impact.

In June 2021, the Macau government has requested a 14-day medical observation for Mainland China visitors from Guangdong Province as a consequence of number of COVID-19 inflection cases but this restriction was abolished in early July 2021.

Subsequent to 30 June 2021, it is noted that the Macau government lifted a quarantine requirement for people travelling from Dashi subdistrict in Panyu, part of Guangzhou city in Guangdong. Various travel restrictions and social distancing measures are still in place to control the spread of COVID-19. Hong Kong visitors must hold a certificate of negative result for COVID-19 nucleic acid test performed within 24 hours and still require a 14-day medical observation before entry into Macau. Guangdong Province visitors must hold a certificate of negative result for COVID-19 nucleic acid test performed within 7 days before entry into Macau.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

In view of the loss incurred by the Group for the Period, the Directors have decided that no interim dividend be declared or paid for the Period (for the six months ended 30 June 2020: nil).

No dividend was declared or paid for the last three interim periods.

FINANCIAL REVIEW

Turnover

The turnover of the Group for the Period was approximately HK\$233.9 million, representing an increase of 16.8% as compared to the same period of 2020 of approximately HK\$200.2 million. The increase in turnover was mainly attributable to the turnover increase from the Group's restaurants and food souvenir shops. The Group's restaurants, food industrial catering business and food souvenir business recorded an increase of 33.6% in the same store performance in the Period as compared to the same period of 2020. The Group's restaurant chain business has performed in line with the increased level of visitor inflow to Macau. Further details on the Group's business performance are set out below and in the section headed "Chairman's Statement" of 2021 interim report.

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

	For the six months ended 30 June		
	2021 <i>HK\$'million</i>	2020 <i>HK\$'million</i>	2019 <i>HK\$'million</i>
Turnover	<u>233.9</u>	<u>200.2</u>	<u>563.5</u>

Below is a table of comparison of the turnover of the first and second quarters of 2021 and 2020:

	2021 <i>HK\$'million</i>	Change %	2020 <i>HK\$'million</i>
TURNOVER			
First quarter	111.1	-16.0%	132.2
Second quarter	122.8	+80.6%	<u>68.0</u>
The Period	<u>233.9</u>	+16.8%	<u>200.2</u>

MANAGEMENT DISCUSSION AND ANALYSIS – Continued**FINANCIAL REVIEW – Continued****Turnover – Continued**

Below is a table of comparison of turnover of the first quarter of 2021 and 2020:

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

Below is a table of comparison of turnover of the second quarter of 2021 and 2020:

	For the three months ended 30 June		
	2021	Change	2020
	<i>HK\$'million</i>	%	<i>HK\$'million</i>
TURNOVER – Second quarter			
Restaurants:			
Japanese restaurants	32.3	+204.7%	10.6
Chinese restaurants	19.2	+44.4%	13.3
Western and other restaurants (<i>note 1</i>)	14.5	+40.8%	10.3
Food court counters	18.2	+97.8%	9.2
Franchise restaurants (<i>note 2</i>)	16.9	+11.2%	15.2
	101.1	+72.5%	58.6
Industrial catering	4.0	+207.7%	1.3
Food wholesale	4.6	+100.0%	2.3
Food and catering business	109.7	+76.4%	62.2
Food souvenir business	8.0	+700.0%	1.0
Property investment business	5.1	+6.3%	4.8
Total	122.8	+80.6%	68.0

MANAGEMENT DISCUSSION AND ANALYSIS – Continued**FINANCIAL REVIEW – Continued****Turnover – Continued**

Below is a table of comparison of the Group's turnover for the six months ended 30 June 2021 and 2020:

	For the six months ended 30 June		
	2021	Change	2020
	HK\$'million	%	HK\$'million
TURNOVER – The Period			
Restaurants:			
Japanese restaurants	62.6	+62.2%	38.6
Chinese restaurants	38.6	+24.9%	30.9
Western and other restaurants (<i>note 1</i>)	26.2	+40.1%	18.7
Food court counters	30.2	-25.8%	40.7
Franchise restaurants (<i>note 2</i>)	34.3	-16.5%	41.1
	191.9	+12.9%	170.0
Industrial catering	8.8	+131.6%	3.8
Food wholesale	8.5	+19.7%	7.1
Food and catering business	209.2	+15.6%	180.9
Food souvenir business	14.7	+50.0%	9.8
Property investment business	10.0	+5.3%	9.5
Total	233.9	+16.8%	200.2

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

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

MANAGEMENT DISCUSSION AND ANALYSIS – Continued**FINANCIAL REVIEW – Continued****Turnover – Continued**

Details of the Group's same store performance (note 3) of its restaurants, industrial catering business and food souvenir business in terms of turnover for the first and second quarters of 2021 and 2020 are as follows:

	For the three months ended 31 March		
	2021	Change	2020
	<i>HK\$'million</i>	%	<i>HK\$'million</i>
SAME STORE TURNOVER – First quarter			
Restaurants:			
Japanese restaurants	30.3	+15.6%	26.2
Chinese restaurants	19.4	+31.1%	14.8
Western and other restaurants	11.7	+51.9%	7.7
Food court counters	12.0	-60.3%	30.2
Franchise restaurants	17.4	+23.4%	14.1
	<hr/>		<hr/>
	90.8	-2.4%	93.0
Industrial catering	4.8	+220.0%	1.5
	<hr/>		<hr/>
Restaurants and industrial catering business	95.6	+1.2%	94.5
Food souvenir business	6.7	-11.8%	7.6
	<hr/>		<hr/>
	102.3	+0.2%	102.1
	<hr/>		<hr/>
For the three months ended 30 June			
	2021	Change	2020
	<i>HK\$'million</i>	%	<i>HK\$'million</i>
SAME STORE TURNOVER – Second quarter			
Restaurants:			
Japanese restaurants	32.3	+207.6%	10.5
Chinese restaurants	19.2	+44.4%	13.3
Western and other restaurants	14.5	+43.6%	10.1
Food court counters	17.5	+90.2%	9.2
Franchise restaurants	16.9	+34.1%	12.6
	<hr/>		<hr/>
	100.4	+80.3%	55.7
Industrial catering	1.8	+157.1%	0.7
	<hr/>		<hr/>
Restaurants and industrial catering business	102.2	+81.2%	56.4
Food souvenir business	8.0	+700.0%	1.0
	<hr/>		<hr/>
	110.2	+92.0%	57.4
	<hr/>		<hr/>

MANAGEMENT DISCUSSION AND ANALYSIS – Continued**FINANCIAL REVIEW – Continued****Turnover – Continued**

Details of the Group's same store performance (note 3) of its restaurants, industrial catering business and food souvenir business in terms of turnover for the six months ended 30 June of 2021 and 2020 are as follows:

	For the six months ended 30 June		
	2021 <i>HK\$'million</i>	Change %	2020 <i>HK\$'million</i>
SAME STORE TURNOVER – The Period			
Restaurants:			
Japanese restaurants	62.6	+71.0%	36.6
Chinese restaurants	38.6	+38.4%	27.9
Western and other restaurants	26.2	+48.0%	17.7
Food court counters	28.6	-23.1%	37.2
Franchise restaurants	34.3	+28.9%	26.6
	190.3	+30.3%	146.0
Industrial catering	3.5	+150.0%	1.4
Restaurants and industrial catering business	193.8	+31.5%	147.4
Food souvenir business	14.6	+69.8%	8.6
	208.4	+33.6%	156.0

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.

Below is a table of comparison of the turnover of the Group by geographical locations of the first quarter of 2021 and 2020:

	For the three months ended 31 March		
	2021 <i>HK\$'million</i>	Change %	2020 <i>HK\$'million</i>
TURNOVER – First quarter			
Macau	73.7	-8.3%	80.4
Mainland China	14.5	+59.3%	9.1
Hong Kong	20.1	-48.1%	38.7
Taiwan	2.8	-30.0%	4.0
Total	111.1	-16.0%	132.2

MANAGEMENT DISCUSSION AND ANALYSIS – Continued**FINANCIAL REVIEW – Continued****Turnover – Continued**

Below is a table of comparison of the turnover of the Group by geographical locations of the second quarter of 2021 and 2020:

	For the three months ended 30 June		
	2021	Change	2020
	<i>HK\$'million</i>	<i>%</i>	<i>HK\$'million</i>
TURNOVER – Second quarter			
Macau	79.9	+146.6%	32.4
Mainland China	13.3	+19.8%	11.1
Hong Kong	28.2	+23.7%	22.8
Taiwan	1.4	-17.6%	1.7
	<hr/>		<hr/>
Total	122.8	+80.6%	68.0
	<hr/>		<hr/>

Below is a table of comparison of the turnover of the Group by geographical locations of the six months ended 30 June of 2021 and 2020:

	For the six months ended 30 June		
	2021	Change	2020
	<i>HK\$'million</i>	<i>%</i>	<i>HK\$'million</i>
TURNOVER – The Period			
Macau	153.6	+36.2%	112.8
Mainland China	27.8	+37.6%	20.2
Hong Kong	48.3	-21.5%	61.5
Taiwan	4.2	-26.3%	5.7
	<hr/>		<hr/>
Total	233.9	+16.8%	200.2
	<hr/>		<hr/>

MANAGEMENT DISCUSSION AND ANALYSIS – Continued**FINANCIAL REVIEW – Continued****Gross Margin (the Group's Turnover less Cost of Sales)**

The gross margin (being the turnover less cost of sales) of the Group for the Period was approximately HK\$163.0 million, representing an increase of approximately 17.9% as compared to the same period of 2020 of approximately HK\$138.3 million. The gross margin ratio for the Period was about 69.7%, with an increase of about 0.6% compared to the same period of 2020 of 69.1%. The slight increase in gross margin was mainly due to the increase in turnover for the Period. The gross margins and gross margin ratios of the Group over the last three interim periods are as follows:

	For the six months ended 30 June		
	2021	2020	2019
	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>
Gross margin	<u>163.0</u>	<u>138.3</u>	<u>394.5</u>
Gross margin ratio (Gross margin over turnover)	<u>69.7%</u>	<u>69.1%</u>	<u>70.0%</u>

Below is a table of comparison of the gross margins (as described above) of the Group for the first and second quarters of 2021 and 2020:

	2021	Change	2020
	<i>HK\$'million</i>	%	<i>HK\$'million</i>
GROSS MARGIN			
First quarter	77.1	-15.9%	91.7
Second quarter	<u>85.9</u>	+84.3%	<u>46.6</u>
The Period	<u>163.0</u>	+17.9%	<u>138.3</u>

MANAGEMENT DISCUSSION AND ANALYSIS – Continued**FINANCIAL REVIEW – Continued****Gross Operating Profit/(Loss) (the Group's Turnover less Cost of Sales and Direct Operating Costs)**

The gross operating profit (being the turnover less cost of sales and direct operating costs) of the Group for the Period was approximately HK\$0.2 million as compared to the same period of gross operating loss of 2020 of approximately HK\$58.8 million. The gross operating profit ratio for the Period was about 0.1% as compared to the same period of a gross operating loss ratio of 2020 of 29.4%. The gross operating profit was mainly due to the increase in the Group's turnover and the decrease in the Group's direct operating costs in the Period. The gross operating profit/(loss) and gross operating profit/(loss) ratios for the last three interim periods of the Group are as follows:

	For the six months ended 30 June		
	2021	2020	2019
	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>
Gross operating profit/(loss)	<u>0.2</u>	<u>(58.8)</u>	<u>59.9</u>
Gross operating profit/(loss) ratio (Gross operating profit/(loss) over turnover)	<u>0.1%</u>	<u>(29.4)%</u>	<u>10.6%</u>

Below is a table of comparison of the gross operating (loss)/profit (as described above) of the Group for the first and second quarters of 2021 and 2020:

	2021	Change	2020
	<i>HK\$'million</i>	%	<i>HK\$'million</i>
GROSS OPERATING (LOSS)/PROFIT			
First quarter	(6.7)	-63.2%	(18.2)
Second quarter	<u>6.9</u>	N/A	<u>(40.6)</u>
The Period	<u>0.2</u>	N/A	<u>(58.8)</u>

MANAGEMENT DISCUSSION AND ANALYSIS – Continued**FINANCIAL REVIEW – Continued****EBITDA**

The Group's EBITDA for the Period was some HK\$17.7 million, as compared to the same period of the negative EBITDA of 2020 of approximately HK\$21.7 million. The EBITDA was mainly attributable to the increase in the Group's turnover and improvement of the Group's gross operating profit. The EBITDA/(Negative EBITDA) and EBITDA ratios for the last three interim periods of the Group are as follows:

	For the six months ended 30 June		
	2021	2020	2019
	HK\$'million	HK\$'million	HK\$'million
EBITDA/(Negative EBITDA)	<u>17.7</u>	<u>(21.7)</u>	<u>64.3</u>
EBITDA/(Negative EBITDA) against turnover ratio	<u>7.6%</u>	<u>(10.8)%</u>	<u>11.4%</u>

Net Loss

The loss attributable to owners of the Company for the Period was approximately HK\$46.9 million, representing a decrease of some 57.5%, as compared to the same period of 2020 of approximately HK\$110.3 million. The loss for the Period was recorded mainly attributable to (i) a loss attributable to owners of the Group's food souvenir business of some HK\$5.0 million and (ii) a loss attributable to owners of the Group's food and catering business of some HK\$40.1 million (which included the loss from written off of/impairment loss on property, plant and equipment of some HK\$9.5 million derived mainly from the closure of the Group's restaurants).

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

	For the six months ended 30 June		
	2021	2020	2019
	HK\$'million	HK\$'million	HK\$'million
Loss attributable to owners of the Company	<u>(46.9)</u>	<u>(110.3)</u>	<u>(69.7)</u>
Loss attributable to owners of the Company against turnover ratio	<u>(20.1)%</u>	<u>(55.1)%</u>	<u>(12.4)%</u>

MANAGEMENT DISCUSSION AND ANALYSIS – Continued**FINANCIAL REVIEW – Continued****Net Loss – Continued**

The Net Ordinary Operating Loss (being the loss attributable to owners of the Company before taking into account any change in net fair value of its investment properties) for the Period was at a loss of approximately HK\$46.9 million, representing a decrease of 55.0%, as compared to the same period of 2020 of approximately HK\$104.1 million. Set out below are the Net Ordinary Operating Loss and Net Ordinary Operating Loss ratios (being Net Ordinary Operating Loss against turnover) for the last three interim periods:

	For the six months ended 30 June		
	2021	2020	2019
	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>
Net Ordinary Operating Loss	<u>(46.9)</u>	<u>(104.1)</u>	<u>(49.4)</u>
Net Ordinary Operating Loss against turnover ratio	<u>(20.1)%</u>	<u>(52.0)%</u>	<u>(8.8)%</u>

Below is a table of comparison of the results attributable to owners of the Company for the first and second quarters of 2021 and 2020:

	2021	Change	2020
	<i>HK\$'million</i>	<i>%</i>	<i>HK\$'million</i>
LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY			
First quarter	(29.4)	-53.9%	(63.8)
Second quarter	<u>(17.5)</u>	-62.4%	<u>(46.5)</u>
The Period	<u>(46.9)</u>	-57.5%	<u>(110.3)</u>

MANAGEMENT DISCUSSION AND ANALYSIS – Continued**FINANCIAL REVIEW – Continued****Net Loss – Continued**

Details of the results attributable to owners of the Company for the first quarter of 2021 and 2020 are as follows:

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

Details of the results attributable to owners of the Company for the second quarter of 2021 and 2020 are as follows:

	For the three months ended 30 June		
	2021	Change	2020
	HK\$'million	%	HK\$'million
(LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY – Second quarter			
Food and catering business	(13.2)	-66.8%	(39.7)
Food souvenir business	(2.5)	+733.3%	(0.3)
Property investment business	0.3	N/A	(3.9)
Other revenue, corporate payroll and unallocated expenses	(2.1)	-19.2%	(2.6)
Total	(17.5)	-62.4%	(46.5)

MANAGEMENT DISCUSSION AND ANALYSIS – Continued**FINANCIAL REVIEW – Continued****Net Loss – Continued**

Details of the results attributable to owners of the Company for the six months ended 30 June of 2021 and 2020 are as follows:

	For the six months ended 30 June		
	2021	Change	2020
	HK\$'million	%	HK\$'million
(LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY – The Period			
Food and catering business	(40.1)	-59.4%	(98.7)
Food souvenir business	(5.0)	+22.0%	(4.1)
Property investment business	2.9	N/A	(2.0)
Other revenue, corporate payroll and unallocated expenses	(4.7)	-14.5%	(5.5)
Total	(46.9)	-57.5%	(110.3)

Below is a table of comparison of the results attributable to owners of the Company by geographical locations for the first quarter of 2021 and 2020:

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

MANAGEMENT DISCUSSION AND ANALYSIS – Continued**FINANCIAL REVIEW – Continued****Net Loss – Continued**

Below is a table of comparison of the results attributable to owners of the Company by geographical locations for the second quarter of 2021 and 2020:

	For the three months ended 30 June		
	2021	Change	2020
	<i>HK\$'million</i>	<i>%</i>	<i>HK\$'million</i>
(LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY – Second quarter			
Macau	(14.8)	-72.3%	(53.5)
Mainland China	0.5	-83.9%	3.1
Hong Kong	(3.9)	+116.7%	(1.8)
Taiwan	0.7	-87.7%	5.7
	<hr/>		<hr/>
Total	(17.5)	-62.4%	(46.5)

Note: The profits attributable to owners of the Company from Mainland China and Taiwan for the three months ended 30 June 2020 were mainly due to gain from lease modification in the second quarter.

Below is a table of comparison of the results attributable to owners of the Company by geographical locations for the six months ended 30 June of 2021 and 2020:

	For the six months ended 30 June		
	2021	Change	2020
	<i>HK\$'million</i>	<i>%</i>	<i>HK\$'million</i>
(LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY – The Period			
Macau	(37.2)	-58.9%	(90.6)
Mainland China	(1.4)	-89.2%	(13.0)
Hong Kong	(9.5)	-4.0%	(9.9)
Taiwan	1.2	-62.5%	3.2
	<hr/>		<hr/>
Total	(46.9)	-57.5%	(110.3)

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

MANAGEMENT DISCUSSION AND ANALYSIS – Continued**FINANCIAL REVIEW – Continued****Loss per Share**

Based on the loss attributable to owners of the Company and the number of 694,302,420 shares in issue during the Period, the basic loss per Share of the Company for the Period was some HK6.76 cents, representing a decrease of about 57.5% as compared to the same period of 2020 at a basic loss per Share of some HK15.89 cents. The Group's basic loss per Share for the last three interim periods are as follows:

	For the six months ended 30 June		
	2021	2020	2019
	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Loss per Share – basic	<u>(6.76)</u>	<u>(15.89)</u>	<u>(10.03)</u>

The basic loss per Share of the Company based on the Net Ordinary Operating Loss for the Period was some HK6.76 cents, representing a decrease of about 55.0% as compared to the same period of 2020 of some HK15.01 cents. Below are the basic loss per Share based on the Net Ordinary Operating Loss over the last three interim periods:

	For the six months ended 30 June		
	2021	2020	2019
	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Net Ordinary Operating Loss per Share – basic	<u>(6.76)</u>	<u>(15.01)</u>	<u>(7.12)</u>

Cash Flow

The cash inflow from operating activities of the Group for the Period was approximately HK\$29.6 million, as compared to the same period of 2020 of the cash outflow approximately HK\$86.9 million. Such cash inflow in the Period was mainly due to the Group's EBITDA. The Group's cash inflow/(outflow) from operating activities for the last three interim periods are as follows:

	For the six months ended 30 June		
	2021	2020	2019
	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>
Cash inflow/(outflow) from operating activities	<u>29.6</u>	<u>(86.9)</u>	<u>63.7</u>

MANAGEMENT DISCUSSION AND ANALYSIS – Continued**FINANCIAL REVIEW – Continued****Net Current Liabilities**

As at 30 June 2021, the Group has recognized on its balance sheet a total right-of-use assets of approximately HK\$136.9 million, and a total lease liabilities of approximately HK\$162.1 million, in which lease liabilities payable within one year were approximately HK\$70.1 million that were recognized as current liabilities with considerable adverse impact on the Group's net current asset level as shown below. The net current liabilities of the Group as at 30 June 2021 were approximately HK\$156.0 million, details of which are set out as follows:

	As at 30 June 2021 HK\$'million	Change %	As at 31 December 2020 HK\$'million
Total current assets	153.5	-0.2%	153.8
Total current liabilities without lease liabilities under HKFRS 16	(239.4)	-6.7%	(256.7)
Net current liabilities without lease liabilities under HKFRS 16	(85.9)	-16.5%	(102.9)
Current portion of lease liabilities under HKFRS 16	(70.1)	-19.9%	(87.5)
Net current liabilities	(156.0)	-18.1%	(190.4)

In view of the net current liabilities as at 30 June 2021, the going concern assumption made in relation to the basis of preparation of the Group's financial statements for the Period is stated in the note 2 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 30 June 2021 was approximately HK\$437.7 million, representing a decrease of approximately 11.1% as compared to those of approximately HK\$492.1 million as at 31 December 2020. The decrease in net assets in the Period was mainly attributable to the loss attributable to owners of the Company of some HK\$46.9 million for the Period. The net assets and net assets per Share of the Group as at 30 June 2021, 31 December 2020 and 30 June 2020 are as follows:

	As at 30 June 2021 HK\$'million	As at 31 December 2020 HK\$'million	As at 30 June 2020 HK\$'million
Net assets	<u>437.7</u>	<u>492.1</u>	<u>530.5</u>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Net assets per Share – basic	<u>0.630</u>	<u>0.709</u>	<u>0.764</u>

OPERATION REVIEW

Food and Catering Business

Restaurant Chain

The Group's operational financials of the Group's food and catering business for the six months ended 30 June of 2021 and 2020 are as follows:

	For the six months ended 30 June		
	2021 HK\$'million	Change %	2020 HK\$'million
Turnover	209.2	+15.6%	180.9
Cost of sales	<u>(66.6)</u>	+13.8%	<u>(58.5)</u>
Gross margin	142.6	+16.5%	122.4
Direct operating expenses	<u>(147.9)</u>	-18.9%	<u>(182.3)</u>
Gross operating loss	<u>(5.3)</u>	-91.2%	<u>(59.9)</u>
Gross operating loss margin (%)	(2.5)%	+30.6%	(33.1)%
Loss attributable to owners of the Company	<u>(40.1)</u>	-59.4%	<u>(98.7)</u>

MANAGEMENT DISCUSSION AND ANALYSIS – Continued**OPERATION REVIEW – Continued****Food and Catering Business – Continued***Restaurant Chain – Continued*

During the Period, the Group's food and catering business contributed some HK\$209.2 million turnover representing about 89.4% of turnover of the Group. The increase in turnover for the Group's food and catering business was mainly attributable to the increase in turnover from the Group's Japanese restaurants, Chinese restaurants, Western and other restaurants. More details on this business are set out in the section headed "Chairman's Statement" of 2021 interim report.

Analysis of the number of restaurants for the last three interim periods is listed as follows:

	As at 30 June		
	2021	2020	2019
Number of restaurants			
Japanese restaurants (<i>note a</i>)	8	9	10
Chinese restaurants (<i>note b</i>)	6	7	8
Western and other restaurants (<i>note c</i>)	6	6	8
Food court counters	20	23	12
Franchise restaurants (<i>note d</i>)	13	14	25
	<hr/>	<hr/>	<hr/>
	53	59	63
Industrial catering (<i>note e</i>)	1	2	3
	<hr/>	<hr/>	<hr/>
	54	61	66
	<hr/>	<hr/>	<hr/>
Total area of self-owned and franchise restaurants (sq.ft.)	153,811	175,156	226,995
Turnover per sq.ft. (HK\$)	1,360	1,033	2,312

Note a: As at 30 June 2021, Japanese restaurants included 6 Edo Japanese Restaurants, 1 Senkizen Japanese Restaurant and 1 Musashi Japanese Restaurant.

Note b: As at 30 June 2021, Chinese restaurants included 1 Turtle Essence, 2 Shiki Hot Pot Restaurants, 1 Seasons Bright Restaurant, 1 Good Fortune Cantonese Kitchen and 1 Fortune Inn Restaurant.

Note c: As at 30 June 2021, Western and other restaurants included 1 Madeira Portuguese Restaurant, 4 Azores Restaurants and 1 sandwich bar.

Note d: As at 30 June 2021, franchise restaurants included 3 Pacific Coffee shops, 4 Pepper Lunch, 4 Bari-Uma, 1 Fu-Un-Maru and 1 Mad for Garlic Restaurant.

Note e: As at 30 June 2021, industrial catering included 1 student/staff canteen.

MANAGEMENT DISCUSSION AND ANALYSIS – Continued**OPERATION REVIEW – Continued****Food and Catering Business – Continued***Restaurant Chain – Continued*

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

	2021	As at 30 June 2020	2019
Number of restaurants			
Macau	20	24	27
Mainland China	6	6	10
Hong Kong	7	7	14
Taiwan	1	1	3
	34	38	54
	2021	As at 30 June 2020	2019
Number of food court counters			
Macau	8	11	11
Hong Kong	12	12	1
	20	23	12

Details of the Group’s restaurants opened and closed during the Period are set out in the section headed “List of Restaurants/Food Court Counters/Stores” of 2021 interim report.

Industrial Catering

During the Period, the Group’s industrial catering business has derived from its provision of 2 canteen services for a university and a school with a turnover of some HK\$8.8 million, representing an increase of 131.6% as compared to the same period of 2020 of some HK\$3.8 million. The increase in turnover of industrial catering business was mainly attributable to the increase in customer visits. More details on the Group’s industrial catering business are set out in the section headed “Chairman’s Statement” of 2021 interim report.

Food Wholesale

During the Period, the Group’s wholesale business of Japanese food and materials has achieved a turnover of some HK\$8.5 million, representing an increase of 19.7% as compared to the same period of 2020 of some HK\$7.1 million. The increase in turnover of food wholesale business was mainly attributable to an overall increase of sales to customers in the Period. More details on the Group’s food wholesale business are set out in the section headed “Chairman’s Statement” of 2021 interim report.

MANAGEMENT DISCUSSION AND ANALYSIS – Continued**OPERATION REVIEW – Continued****Food Souvenir Business**

The operational financials of the Group's food souvenir business for the six months ended 30 June of 2021 and 2020 are as follows:

	For the six months ended 30 June		
	2021	Change	2020
	HK\$'million	%	HK\$'million
Turnover	14.7	+50.0%	9.8
Cost of sales	(3.8)	+18.8%	(3.2)
Gross margin	10.9	+65.2%	6.6
Direct operating expenses	(14.9)	+0.7%	(14.8)
Gross operating loss	(4.0)	-51.2%	(8.2)
Gross operating loss margin (%)	(27.2)%	+56.5%	(83.7)%
Loss attributable to owners of the Company	(5.0)	+22.0%	(4.1)

During the Period, the Group's food souvenir business has contributed some HK\$14.7 million turnover, representing about 6.3% of the Group's turnover. The increase in turnover of the food souvenir business was mainly due to the increase in wholesale business of OEM products. The food souvenir business was still adversely affected by the high rental expenses and staff costs. Further details of the Group's food souvenir business are set out in the section headed "Chairman's Statement" of 2021 interim report.

As at 30 June 2021, the Group had 7 (30 June 2020: 9) Yeng Kee bakery shops/kiosks with total area of 4,577 sq.ft. (30 June 2020: 5,681 sq.ft.) in Macau. Details of the Group's food souvenir shops are set out in the section headed "List of Food Souvenir Shops/Kiosks" of 2021 interim report.

MANAGEMENT DISCUSSION AND ANALYSIS – Continued

OPERATION REVIEW – Continued

Property Investment Business

During the Period, the Key Investment Property has made steady rental income contribution and has recorded a turnover of some HK\$10.0 million (Six months ended 30 June 2020: HK\$9.5 million), representing about 4.3% of the Group's turnover. The profit attributable to the Group's property investment business was some HK\$2.9 million in the Period, as compared to the net loss for the same period of 2020 of some HK\$2.0 million. Such profit for the period was mainly attributable to rental income derived from the Key Investment Property.

The Group's Key Investment Property was valued at HK\$568.0 million as at 30 June 2021 (31 December 2020: HK\$568.0 million). During the six months ended 30 June 2021, no fair value gain (six months ended 30 June 2020: gross fair value loss of HK\$7.0 million) from the Key Investment Property was recognised in the consolidated statement of comprehensive income.

More details on this business are set out in the section headed "Chairman's Statement" of 2021 interim report.

Logistic Support

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

LIQUIDITY AND FINANCIAL RESOURCES

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

As at 30 June 2021, the Group had net current liabilities of some HK\$156.0 million (as at 31 December 2020: HK\$190.4 million). As at 30 June 2021, the Group had bank deposits, bank overdraft, cash and bank balances totaling of some HK\$57.7 million (as at 31 December 2020: HK\$43.7 million), while the Group's restricted bank deposits amounted to some HK\$8.5 million (as at 31 December 2020: HK\$10.0 million), of which HK\$5.0 million (as at 31 December 2020: HK\$5.0 million) has been pledged to a bank to secure one bank loan and the balance of some HK\$3.5 million (as at 31 December 2020: HK\$5.0 million) has been pledged to a bank for guarantee given in lieu of paying rental deposit.

MANAGEMENT DISCUSSION AND ANALYSIS – Continued

LIQUIDITY AND FINANCIAL RESOURCES – Continued

As at 30 June 2021, the Group had interest-bearing bank loans of some HK\$396.0 million (as at 31 December 2020: HK\$384.4 million). The Group's borrowings are made in Hong Kong dollars and Macau Patacas. Details of the borrowings are set out in note 19 of "Interest Bearing Borrowings" section to the Financial Statements of 2021 interim 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 30 June 2021, 31 December 2020 and 30 June 2020 are as follows:

	As at 30 June 2021 %	As at 31 December 2020 %	As at 30 June 2020 %
Gearing ratio	<u>161.5</u>	<u>149.7</u>	<u>141.4</u>

The increase in the Group's gearing ratio as at 30 June 2021 was mainly due to the decrease in the Group's total equity.

The Group's ratio of the total assets against the total liabilities of the Group as at 30 June 2021 was at 1.57 (31 December 2020: 1.61).

MATERIAL LITIGATION

As at 30 June 2021, the Group was not involved in any material litigation or arbitration (31 December 2020: nil).

CONTINGENT LIABILITIES

As at 30 June 2021, the Group did not have any contingent liabilities (31 December 2020: nil).

CURRENCY EXPOSURE

As at 30 June 2021, the Group did not have any outstanding hedging instrument. The Group would continue to monitor closely its foreign currency exposure and requirements and to arrange for hedging facilities when necessary.

EMPLOYEES

As at 30 June 2021, the Group has employed a total of 1,048 full time staff (30 June 2020: 1,417), in which 697 (30 June 2020: 998) full time staff in Macau, 176 (30 June 2020: 192) full time staff in Mainland China, 151 (30 June 2020: 202) full time staff in Hong Kong and 24 (30 June 2020: 25) full time staff in Taiwan. Remuneration packages including medical plan have been and are regularly reviewed with reference to market terms, individual qualifications, experience, duties and responsibilities. The remuneration policy of the employees of the Group is set up by the remuneration committee on the basis of their merit, qualifications and competence, while the detail remuneration packages for the employees are determined by management based on their performance.

SUBSEQUENT EVENTS

Details of the subsequent events are set out in note 15 of “Events after the Reporting Period” section to the Financial Statements of this announcement.

Saved as those announced publicly or disclosed here, there has been no significant subsequent event after 30 June 2021.

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

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

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the six months ended 30 June 2021.

AUDIT COMMITTEE

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

CORPORATE GOVERNANCE

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

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiry with them, all Directors have confirmed that they have complied with the standard set out in such Model Code and the code of conduct regarding securities transactions by Directors adopted by the Company.

In April 2021, the Environmental, Social and Corporate Governance report for 2020 was issued together with 2020 annual report and presented on the Company’s website at www.fb.com.hk and the Stock Exchange’s website at www.hkexnews.hk.

OUTLOOK

The outlook of the operating environment of the Group much depends on the development of COVID-19 infection, especially on the control of the Delta variant virus, the higher level of the vaccination rate and hence any further relaxation in social distancing measures on the restaurants business. Hopefully, the Group's performance will benefit from further relaxation of the social distancing measures and travel quarantine requirements when the eventual increases of visitor inflow to Macau and Hong Kong shall take place. Being still under the market uncertainty so created by the COVID-19 infection, management expects that the operating environment of the Group in the second half of 2021 will still be challenging, and will continue to be financially cautious and prudent to alleviate and mitigate any negative impact in this uncertain economic environment.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

The announcement is published on the Stock Exchange's website at www.hkexnews.hk and on the Company's website at www.fb.com.hk. The 2021 interim report of the Company will be dispatched to the shareholders of the Company and available on the above websites in due course.

DEFINITIONS

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

Board	The Board of Directors of the Company
CG Code	The Corporate Governance Code and Corporate Governance Report, Appendix 14 to the Listing Rules
Company	Future Bright Holdings Limited
Director(s)	Director(s) of the Company
EBITDA	Profit before interests, tax expense, depreciation of property, plant and equipment, depreciation of right-of-use assets and amortization
Financial Statements	The unaudited condensed consolidated interim financial statements of the Group for the Period
Group	The Company together with its subsidiaries
HKAS(s)	Hong Kong Accounting Standard(s)
HKFRS(s)	Hong Kong Financial Reporting Standard(s)
HKICPA	Hong Kong Institute of Certified Public Accountants

DEFINITIONS – Continued

HK\$	Hong Kong Dollars
Hong Kong	The Hong Kong Special Administrative Region of Mainland China
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, Appendix 10 to the Listing Rules
Net Ordinary Operating Profit/(Loss)	Profit/(Loss) attributable to owners of the Company before taking into account any change in net fair value from investment properties
Period	Six months ended 30 June 2021
Share(s)	Ordinary share(s) of the Company
Shareholder(s)	Shareholder(s) of the Company
Stock Exchange	The Stock Exchange of Hong Kong Limited
Sq.ft.	Square feet

BOARD OF DIRECTORS

As at the date hereof, the members of the board of directors of the Company comprise (i) Mr. Chan Chak Mo, the Managing Director, (ii) Mr. Chan See Kit, Johnny, the Chairman and executive Director, (iii) 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, 27 August 2021