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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)

LOSS ALERT FOR THE THREE MONTHS ENDED 31 MARCH 2022 AND BUSINESS UPDATE OF THE GROUP FOR THE FIRST QUARTER OF 2022

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 2022 (“**Period**” or “**First Quarter**”). Based on its unaudited management accounts, the Group has recorded an unaudited loss attributable to owners of the Company of some HK\$34.9 million for the Period, as compared to an unaudited loss attributable to owners of the Company of some HK\$29.4 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 accounts.

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

* For identification purpose only

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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 accounts, the Group has recorded the following results attributable to owners of the Company for the Period:

	For the three months ended 31 March		
	2022	2021	Change
	<i>HK\$'million</i> (Unaudited)	<i>HK\$'million</i> (Unaudited)	%
LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY			
The Period	<u>(34.9)</u>	<u>(29.4)</u>	+18.7%

In the Period, the Group has sustained a substantial drop of some 36.5% in its turnover due to the serious outbreak of Omicron variant of COVID-19 pandemic since early 2022, where its unaudited loss attributable to owners of the Company was some HK\$34.9 million for the Period which has been mainly attributable to (i) a loss of some HK\$33.9 million from its food and catering business and (ii) a loss of some HK\$2.0 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\$2.5 million for the Period.

During the Period, the Group has not recorded any fair value gain or loss (First quarter of 2021: nil) in respect of its commercial building located at the prime tourist location near Centro Commercial E Turistico "S. Paulo", No. 2 Largo da Companhia de Jesus, Macau (澳門耶穌會紀念廣場2號牌坊廣場購物旅遊中心).

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

	For the three months ended 31 March		
	2022 <i>HK\$'million</i> (Unaudited)	2021 <i>HK\$'million</i> (Unaudited)	Change %
Loss attributable to owners of the Group's food souvenir business	(2.0)	(2.5)	-20.0%
Loss on written off of/impairment loss on property, plant and equipment	(5.7)	(3.6)	+58.3%

OPERATIONAL FINANCIALS

The Board is to give an update on the Group's performance 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		
	2022 <i>HK\$'million</i> (Unaudited)	2021 <i>HK\$'million</i> (Unaudited)	Change %
TURNOVER			
Restaurants:			
Japanese restaurants	23.1	30.3	-23.7%
Chinese restaurants	9.4	19.4	-51.5%
Western and other restaurants (<i>note 1</i>)	4.3	11.7	-63.2%
Food court counters	8.0	12.0	-33.3%
Franchise restaurants (<i>note 2</i>)	9.6	17.4	-44.8%
	<u>54.4</u>	<u>90.8</u>	-40.1%
Industrial catering	3.9	4.8	-18.7%
Food wholesale	3.7	3.9	-5.1%
	<u>62.0</u>	<u>99.5</u>	-37.7%
Food and catering business	62.0	99.5	-37.7%
Food souvenir business	3.6	6.7	-46.3%
Property investment business	5.0	4.9	+2.0%
	<u>70.6</u>	<u>111.1</u>	-36.5%
Total	70.6	111.1	-36.5%

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

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

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		
	2022	2021	Change
	<i>HK\$'million</i>	<i>HK\$'million</i>	%
	(Unaudited)	(Unaudited)	
TURNOVER			
Macau	52.1	73.7	-29.3%
Mainland China	8.0	14.5	-44.8%
Hong Kong	10.2	20.1	-49.3%
Taiwan	0.3	2.8	-89.2%
	<u>70.6</u>	<u>111.1</u>	
Total	70.6	111.1	-36.5%

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

	For the three months ended 31 March		
	2022	2021	Change
	<i>HK\$'million</i>	<i>HK\$'million</i>	%
	(Unaudited)	(Unaudited)	
Turnover	70.6	111.1	-36.5%
Cost of sales	(22.6)	(34.0)	-33.5%
	<u>48.0</u>	<u>77.1</u>	
Gross margin	48.0	77.1	-37.7%
Direct operating expenses	(61.2)	(83.8)	-27.0%
	<u>(13.2)</u>	<u>(6.7)</u>	
Gross operating loss	(13.2)	(6.7)	+97.0%
	<u>(18.7)%</u>	<u>(6.0)%</u>	
Gross operating loss margin (%)	(18.7)%	(6.0)%	-12.7%

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		
	2022 <i>HK\$'million</i> (Unaudited)	2021 <i>HK\$'million</i> (Unaudited)	Change %
SAME STORE TURNOVER			
Restaurants:			
Japanese restaurants	22.8	30.0	-24.0%
Chinese restaurants	9.4	13.1	-28.2%
Western and other restaurants	4.3	10.3	-58.2%
Food court counters	8.0	11.0	-27.3%
Franchise restaurants	9.4	13.6	-30.8%
	53.9	78.0	-30.9%
Industrial catering	3.9	1.7	+129.4%
Restaurants and industrial catering business	57.8	79.7	-27.5%
Food souvenir business	3.6	6.5	-44.6%
Total	61.4	86.2	-28.8%

Note 3: Same store performance is compared on the basis of those restaurants/shops/outlets which were in place in the same periods of 2022 and 2021 only.

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		
	2022	2021	Change
	<i>HK\$'million</i> (Unaudited)	<i>HK\$'million</i> (Unaudited)	%
PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Food and catering business	(33.9)	(26.9)	+26.0%
Food souvenir business	(2.0)	(2.5)	-20.0%
Property investment business	2.6	2.6	-
Other revenue, corporate payroll and unallocated expenses	(1.6)	(2.6)	-38.4%
Total	(34.9)	(29.4)	+18.7%

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		
	2022	2021	Change
	<i>HK\$'million</i> (Unaudited)	<i>HK\$'million</i> (Unaudited)	%
PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Macau	(18.0)	(22.4)	-19.6%
Mainland China	(4.9)	(1.9)	+157.9%
Hong Kong	(11.5)	(5.6)	+105.4%
Taiwan	(0.5)	0.5	N/A
Total	(34.9)	(29.4)	+18.7%

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

	For the three months ended 31 March		
	2022	2021	Change
	<i>HK\$'million</i>	<i>HK\$'million</i>	%
	(Unaudited)	(Unaudited)	
Other revenue, gains and losses:			
– Loss on written off of/impairment loss on property, plant and equipment	(5.7)	(3.6)	+58.3%
– Gain on lease modification	–	0.6	–100.0%
– Rent concessions	1.6	6.3	–74.6%
– Others (<i>note 4</i>)	5.7	4.4	+29.5%
Administrative expenses	(20.9)	(26.8)	–22.0%
Finance costs	(3.7)	(5.3)	–30.2%

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 severely affected by the widespread and ongoing COVID-19 pandemic especially with the fifth wave of serious outbreak of Omicron variant of COVID-19 pandemic which has led to imposition of stricter social distancing measures and prohibiting dine-in services after 6 p.m. by the Hong Kong Government, leading to a considerable loss with a drastic drop in turnover contribution in Macau, Mainland China and Hong Kong. The Group has in the First Quarter recorded some HK\$70.6 million turnover with a loss attributable to owners of some HK\$34.9 million, as compared to some HK\$111.1 million turnover with a loss attributable to owners of some HK\$29.4 million for the same quarter of 2021. Our group has also in the First Quarter 2022 recorded a gross margin ratio of some 68.0% with a negative EBITDA at some HK\$11.6 million as against a gross margin ratio of some 69.4% with an EBITDA at some HK\$4.8 million for the same quarter of 2021.

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 2021, the turnover drop of the Group has been largely due to the serious outbreak of Omicron variant of COVID-19 pandemic in the First Quarter. The Group's food and catering business in Macau in the First Quarter has underperformed with the increase of the visitor inflow to Macau, where the level of visitor's inflow to Macau has increased by 7.94% to 1.876 million in the First Quarter, as compared to 1.738 million in the same quarter of 2021.

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 2022 and 2021 were as follows:

	2022 (Unaudited)	2021 (Unaudited)	Change %
Gross operating loss margin of food and catering business:			
First quarter	-25.8%	-8.9%	-16.9%
Gross operating loss margin of food souvenir business:			
First quarter	-52.8%	-37.3%	-15.5%

BUSINESS UPDATE

The COVID-19 pandemic continued to adversely affect negatively 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. In the First Quarter, the Group closed down a Japanese restaurant in Mainland China, a Franchise Korean restaurant in Taiwan and five food court counters in Hong Kong, all due to poor performance. As compared to the same quarter of 2021, 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\$34.9 million, as against a Net Ordinary Operating Loss of some HK\$29.4 million for the same quarter of 2021. Such increase in loss was attributable to the decrease in turnover and increase in gross operating loss during the First Quarter.

There have been signs of improvement on the scale of COVID-19 pandemic from April 2022, with increased vaccination rate and control of the COVID-19 pandemic that has led to some gradual relaxation of the social distancing measures in Hong Kong. Hopefully, the Group's business will improve if the social distancing measures and travelling restrictions may be further relaxed gradually with visitors to be ultimately allowed to freely visit Macau and Hong Kong.

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, 13 May 2022

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.