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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)

POSITIVE PROFIT ALERT FOR THE THREE MONTHS ENDED 31 MARCH 2023 AND BUSINESS UPDATE OF THE GROUP FOR THE FIRST QUARTER OF 2023

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 called “**Group**”) wishes to inform the shareholders of the Company and potential investors of a positive profit alert for the three months ended 31 March 2023 (“**Period**”). Based on its unaudited management accounts, the Group has recorded an unaudited profit attributable to owners of the Company of some HK\$11.4 million for the first quarter of 2023 (“**First Quarter**”) as compared to an unaudited loss attributable to owners of the Company of some HK\$34.9 million for the first quarter of 2022.

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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POSITIVE PROFIT ALERT FOR THE PERIOD

The Board wishes to inform the shareholders of the Company and potential investors of a positive profit 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		
	2023	2022	Change
	<i>HK\$'million</i>	<i>HK\$'million</i>	%
	(Unaudited)	(Unaudited)	
PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY			
The Period	11.4	(34.9)	N/A

In the Period, the Group has recorded a substantial growth of some 55.7% in its turnover due to increased visitors flow to Macau and Hong Kong as a result of the lifting of travel restrictions and social distancing measures in relation to COVID-19 pandemic since January 2023. The unaudited profit attributable to owners of the Company was some HK\$11.4 million for the Period which has been mainly attributable to (i) a profit of some HK\$8.9 million from its food and catering business, (ii) a profit of some HK\$1.9 million from its food souvenir business and (iii) a profit of some HK\$2.1 million from its 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 gain of some HK\$0.1 million for the Period.

During the Period, the Group has not recorded any fair value gain or loss (First quarter of 2022: 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).

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		
	2023 <i>HK\$'million</i> (Unaudited)	2022 <i>HK\$'million</i> (Unaudited)	Change %
TURNOVER			
Restaurants:			
Japanese restaurants	33.6	23.1	+45.4%
Chinese restaurants	10.8	9.4	+14.9%
Western restaurants	2.2	4.3	-48.8%
Food court counters	18.9	8.0	+136.3%
Franchise restaurants (<i>note 1</i>)	17.0	9.6	+77.1%
	<u>82.5</u>	<u>54.4</u>	+51.7%
Industrial catering (<i>note 2</i>)	5.1	3.9	+30.8%
Food wholesale	2.7	3.7	-27.0%
	<u>90.3</u>	<u>62.0</u>	+45.6%
Food and catering business	90.3	62.0	+45.6%
Food souvenir business	14.6	3.6	+305.6%
Property investment business	5.0	5.0	–
	<u>109.9</u>	<u>70.6</u>	+55.7%

Note 1: The turnover of “Franchise restaurants” included turnover from the Group's Pacific Coffee shops, Pepper Lunch, Bari-Uma, Fu-Un-Maru and Mad for Garlic restaurants.

Note 2: The turnover of “industrial catering” included turnover from canteen at International School of Macau and lunch box catering service.

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		
	2023	2022	Change
	<i>HK\$'million</i>	<i>HK\$'million</i>	%
	(Unaudited)	(Unaudited)	
TURNOVER			
Macau	81.2	52.1	+55.9%
Mainland China	7.3	8.0	-8.8%
Hong Kong	21.4	10.2	+109.8%
Taiwan	-	0.3	-100.0%
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Total	109.9	70.6	+55.7%
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A summary of the Group's unaudited operational financials for the First Quarter is as follows:

	For the three months ended 31 March		
	2023	2022	Change
	<i>HK\$'million</i>	<i>HK\$'million</i>	%
	(Unaudited)	(Unaudited)	
Turnover	109.9	70.6	+55.7%
Cost of sales	(29.0)	(22.6)	+28.3%
	<hr/>	<hr/>	
Gross margin	80.9	48.0	+68.5%
Direct operating expenses	(50.7)	(61.2)	-17.1%
	<hr/>	<hr/>	
Gross operating profit/(loss)	30.2	(13.2)	N/A
	<hr/>	<hr/>	
Gross operating profit/(loss) margin (%)	27.5%	(18.7)%	N/A

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		
	2023 <i>HK\$'million</i> (Unaudited)	2022 <i>HK\$'million</i> (Unaudited)	Change %
SAME STORE TURNOVER			
Restaurants:			
Japanese restaurants	33.6	15.5	+116.8%
Chinese restaurants	8.3	6.0	+38.3%
Western restaurants	2.2	1.1	+100.0%
Food court counters	18.9	6.2	+204.8%
Franchise restaurants	17.0	8.7	+95.4%
	<u>80.0</u>	37.5	+113.3%
Industrial catering	5.1	3.9	+30.8%
Restaurants and industrial catering business	85.1	41.4	+105.6%
Food souvenir business	14.6	3.2	+356.3%
Total	<u>99.7</u>	<u>44.6</u>	+123.5%

Note 3: Same store performance is compared on the basis of those restaurants/shops/outlets which were in place in the same periods of 2023 and 2022 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		
	2023 <i>HK\$'million</i> (Unaudited)	2022 <i>HK\$'million</i> (Unaudited)	Change %
PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Food and catering business	8.9	(33.9)	N/A
Food souvenir business	1.9	(2.0)	N/A
Property investment business	2.1	2.6	-19.2%
Other revenue, corporate payroll and unallocated expenses	(1.5)	(1.6)	-6.3%
Total	<u>11.4</u>	<u>(34.9)</u>	N/A

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		
	2023 <i>HK\$'million</i> (Unaudited)	2022 <i>HK\$'million</i> (Unaudited)	Change %
PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Macau	12.1	(18.0)	N/A
Mainland China	(0.7)	(4.9)	-85.7%
Hong Kong	-	(11.5)	-100.0%
Taiwan	-	(0.5)	N/A
Total	11.4	(34.9)	N/A

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

	For the three months ended 31 March		
	2023 <i>HK\$'million</i> (Unaudited)	2022 <i>HK\$'million</i> (Unaudited)	Change %
Loss on written off of/impairment loss on property, plant and equipment	(0.1)	(5.7)	-98.2%
Other revenue, gains and losses:			
– Others (<i>note 4</i>)	1.8	5.7	-68.4%
Administrative expenses	(14.7)	(20.9)	-29.7%
Finance costs	(4.6)	(3.7)	+24.3%

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

The unaudited gross operating profit/(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 2023 and 2022 were as follows:

	2023	2022	Change
	% (Unaudited)	% (Unaudited)	%
Gross operating profit/(loss) margin of food and catering business:			
First quarter	23.6%	(25.8)%	N/A
Gross operating profit/(loss) margin of food souvenir business:			
First quarter	28.1%	(52.8)%	N/A

The Group's restaurants performance has improved in the First Quarter with the COVID-19 pandemic under control and lifting of travel restrictions and social distancing measures in Macau and Hong Kong. Our group has also in the First Quarter 2023 recorded a gross margin ratio of some 73.6% with an EBITDA at some HK\$29.5 million as against a gross margin ratio of some 68.0% with a LBITDA at some HK\$11.6 million for the same quarter of 2022.

The performance details of different restaurants in different food types in the First Quarter are set out above. The Group's food and catering business in Macau in the First Quarter has performed in line with the increased level of visitor flow to Macau, where the level of visitor's inflow to Macau has increased by 163.7% to 4,948,358 visitors in the First Quarter, as compared to 1,876,847 visitors in the same quarter of 2022.

BUSINESS UPDATE

Following the lifting of travel restrictions and social distancing measures since early January 2023, there is an improvement in the level of visitors and retail and restaurants business in Hong Kong and Macau, which leads to an improvement in the Group's business. Management has seen improvement in visitation and business volume of our Group's restaurants. Management will continue to pay close attention to the operational performance of the Group and will continue to improve the brand value and market position of the Group.

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, 10 May 2023

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.