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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 NINE MONTHS ENDED 30 SEPTEMBER 2023 AND BUSINESS UPDATE OF THE GROUP FOR THE THIRD 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 nine months ended 30 September 2023 (“Period”). Based on its unaudited management accounts, the Group has recorded an unaudited profit attributable to owners of the Company of some HK\$10.4 million for the third quarter of 2023 (“Third Quarter”), as compared to an unaudited loss attributable to owners of the Company of some HK\$10.3 million for the third quarter of 2022. The Group has thus recorded an unaudited profit attributable to owners of the Company of some HK\$34.7 million for the Period as compared to an unaudited loss attributable to owners of the Company of some HK\$115.0 million for the same period of 2022.

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

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

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 the owners of the Company for the Period:

	2023 <i>HK\$'million</i> (Unaudited)	2022 <i>HK\$'million</i> (Unaudited)	Change %
PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY			
First quarter	11.4	(34.9)	N/A
Second quarter	12.9	(69.8)	N/A
Third quarter	10.4	(10.3)	N/A
The Period	34.7	(115.0)	N/A

In the Period, the Group has sustained a substantial growth of some 76.0% in its turnover due to significant increase in visitor arrivals to Macau and Hong Kong. The lifting of all travel restrictions has led to a significant increase in visitor arrivals and improvement in hotel occupancy rate in Macau. The unaudited profit attributable to owners of the Company was some HK\$34.7 million for the Period which has been mainly attributable to (i) a profit of some HK\$22.8 million from its food and catering business, (ii) a profit of some HK\$8.9 million from its food souvenir business and (iii) a profit of some HK\$6.0 million from its property investment business.

During the Period, the Group has not recorded any fair value gain/loss (2022: net fair value loss of HK\$8.8 million) in respect of its commercial building (“Key Investment Property”) located at the prime tourist location near Centro Commercial E Turistico “S. Paulo”, 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 Third Quarter. Details of the Group's unaudited turnover breakdown for the Third Quarter are as follows:

	For the three months ended 30 September		
	2023 <i>HK\$'million</i> (Unaudited)	2022 <i>HK\$'million</i> (Unaudited)	Change %
TURNOVER			
Restaurants:			
Japanese restaurants	29.2	7.3	+300.0%
Chinese restaurants	8.3	3.4	+144.1%
Western restaurants	1.9	4.4	-56.8%
Food court counters	31.8	8.3	+283.1%
Franchise restaurants (<i>note 1</i>)	17.4	12.9	+34.9%
	88.6	36.3	+144.1%
Industrial catering (<i>note 2</i>)	1.9	3.5	-45.7%
Food wholesale	3.0	2.8	+7.1%
	93.5	42.6	+119.5%
Food and catering business	38.2	27.0	+41.5%
Food souvenir business	5.0	4.9	+2.0%
	136.7	74.5	+83.5%
Total	136.7	74.5	+83.5%

Note 1: The turnover of "Franchise restaurants" included turnover from the Group's Pacific Coffee shops, Pepper Lunch, Bari-Uma and Fu-Un-Maru 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 Third Quarter are as follows:

	For the three months ended 30 September		
	2023 <i>HK\$'million</i> (Unaudited)	2022 <i>HK\$'million</i> (Unaudited)	Change %
TURNOVER			
Macau	100.8	48.3	+108.7%
Mainland China	6.5	5.7	+14.0%
Hong Kong	29.4	20.5	+43.4%
Total	136.7	74.5	+83.5%

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

	For the three months ended 30 September		
	2023 <i>HK\$'million</i> (Unaudited)	2022 <i>HK\$'million</i> (Unaudited)	Change %
Turnover	136.7	74.5	+83.5%
Cost of sales	(40.2)	(25.2)	+59.5%
Gross margin	96.5	49.3	+95.7%
Direct operating expenses	(61.7)	(46.8)	+31.8%
Gross operating profit	34.8	2.5	+1,292.0%
Gross operating profit margin (%)	25.5%	3.4%	+22.1%

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 Third Quarter are as follows:

	For the three months ended 30 September		
	2023 <i>HK\$'million</i> (Unaudited)	2022 <i>HK\$'million</i> (Unaudited)	Change %
SAME STORE TURNOVER			
Restaurants:			
Japanese restaurants	29.2	7.3	+300.0%
Chinese restaurants	3.8	0.6	+533.3%
Western restaurants	1.9	1.6	+18.8%
Food court counters	31.7	8.3	+281.9%
Franchise restaurants	17.3	12.9	+34.1%
	<u>83.9</u>	<u>30.7</u>	+173.3%
Industrial catering	1.9	3.5	-45.7%
Restaurants and industrial catering business	85.8	34.2	+150.9%
Food souvenir business	38.2	27.0	+41.5%
Total	<u>124.0</u>	<u>61.2</u>	+102.6%

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 Third Quarter are as follows:

	For the three months ended 30 September		
	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	4.6	(13.8)	N/A
Food souvenir business	4.8	2.3	+108.7%
Property investment business	2.0	2.2	-9.1%
Other revenue, corporate payroll and unallocated expenses	(1.0)	(1.0)	-
Total	<u>10.4</u>	<u>(10.3)</u>	N/A

Details of the Group's unaudited results attributable to owners of the Company breakdown by geographical locations for the Third Quarter are as follows:

	For the three months ended 30 September		
	2023 <i>HK\$'million</i> (Unaudited)	2022 <i>HK\$'million</i> (Unaudited)	Change %
PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Macau	10.8	(0.9)	N/A
Mainland China	(2.7)	(8.2)	-67.1%
Hong Kong	2.3	(1.0)	N/A
Taiwan	-	(0.2)	-100.0%
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Total	10.4	(10.3)	N/A

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

	For the three months ended 30 September		
	2023 <i>HK\$'million</i> (Unaudited)	2022 <i>HK\$'million</i> (Unaudited)	Change %
Other revenue, gains and losses:			
– Loss on written off of/impairment loss on property, plant and equipment	(0.3)	(1.8)	-83.3%
– Gain on lease modification	-	7.6	-100.0%
– Other revenue, gains and losses:			
– Others (<i>note 4</i>)	1.5	3.5	-57.1%
Administrative expenses	(17.4)	(16.8)	+3.6%
Finance costs	(5.0)	(3.9)	+28.2%

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, second and third quarters of 2023 and 2022 were as follows:

	2023 (Unaudited)	2022 (Unaudited)	Change %
Gross operating profit/(loss) margin of food and catering business:			
First quarter	23.6%	(25.8)%	N/A
Second quarter	25.0%	(22.7)%	N/A
Third quarter	23.0%	(15.3)%	N/A
The Period	23.9%	(22.0)%	N/A
Gross operating profit/(loss) margin of food souvenir business:			
First quarter	28.1%	(52.8)%	N/A
Second quarter	26.1%	(258.8)%	N/A
Third quarter	22.0%	15.9%	+6.1%
The Period	24.3%	(6.2)%	N/A

The Group's business has substantially improved in the Third Quarter due to a significant increase in visitor arrivals to Macau. The Group has in the Third Quarter recorded a gross margin ratio of some 70.6% with an EBITDA at some HK\$29.4 million as against a gross margin ratio of some 66.2% with an EBITDA at some HK\$10.7 million for the same quarter of 2022.

The performance details of different restaurants in different food types in the Third Quarter are set out above. The Group's food and catering business and food souvenir business in Macau in the Third Quarter have performed in line with the increased level of visitor arrivals to Macau, where the level of visitor arrivals to Macau has significantly increased by 821.2% to 8,282,291 visitors in the Third Quarter, as compared to 898,998 visitors in the same quarter of 2022.

Details of the Group's unaudited turnover breakdown for the Period are as follows:

	For the nine months ended 30 September		
	2023 <i>HK\$'million</i> (Unaudited)	2022 <i>HK\$'million</i> (Unaudited)	Change %
TURNOVER			
Restaurants:			
Japanese restaurants	96.7	45.5	+112.5%
Chinese restaurants	31.0	18.6	+66.7%
Western restaurants	5.9	15.1	-60.9%
Food court counters	76.9	26.3	+192.4%
Franchise restaurants (<i>note 1</i>)	51.6	35.7	+44.5%
	<u>262.1</u>	<u>141.2</u>	+85.6%
Industrial catering (<i>note 2</i>)	12.5	12.2	+2.5%
Food wholesale	8.9	9.2	-3.3%
	<u>283.5</u>	<u>162.6</u>	+74.4%
Food and catering business	70.8	32.3	+119.2%
Food souvenir business	15.0	14.9	+0.7%
	<u>369.3</u>	<u>209.8</u>	+76.0%
Total	369.3	209.8	+76.0%

Note 1: The turnover of "Franchise restaurants" included turnover from the Group's Pacific Coffee shops, Pepper Lunch, Bari-Uma, Fu-Un-Maruru 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 Period are as follows:

	For the nine months ended 30 September		
	2023 <i>HK\$'million</i> (Unaudited)	2022 <i>HK\$'million</i> (Unaudited)	Change %
TURNOVER			
Macau	271.0	138.7	+95.4%
Mainland China	20.4	21.1	-3.3%
Hong Kong	77.9	49.7	+56.7%
Taiwan	–	0.3	-100.0%
	<u>369.3</u>	<u>209.8</u>	+76.0%
Total	369.3	209.8	+76.0%

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

	For the nine months ended 30 September		
	2023 <i>HK\$'million</i> (Unaudited)	2022 <i>HK\$'million</i> (Unaudited)	Change %
Turnover	369.3	209.8	+76.0%
Cost of sales	<u>(100.9)</u>	<u>(67.9)</u>	+48.6%
Gross margin	268.4	141.9	+89.1%
Direct operating expenses	<u>(169.0)</u>	<u>(165.4)</u>	+2.2%
Gross operating profit/(loss)	<u>99.4</u>	<u>(23.5)</u>	N/A
Gross operating profit/(loss) margin (%)	26.9%	(11.2)%	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 Period are as follows:

	For the nine months ended 30 September		
	2023 <i>HK\$'million</i> (Unaudited)	2022 <i>HK\$'million</i> (Unaudited)	Change %
SAME STORE TURNOVER			
Restaurants:			
Japanese restaurants	96.7	32.1	+201.2%
Chinese restaurants	11.6	3.6	+222.2%
Western restaurants	5.9	4.4	+34.1%
Food court counters	76.8	24.0	+220.0%
Franchise restaurants	<u>51.5</u>	<u>34.5</u>	+49.3%
	242.5	98.6	+145.9%
Industrial catering	<u>12.5</u>	<u>12.2</u>	+2.5%
Restaurants and industrial catering business	255.0	110.8	+130.1%
Food souvenir business	<u>70.8</u>	<u>31.8</u>	+122.6%
Total	<u>325.8</u>	<u>142.6</u>	+128.5%

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 unaudited results attributable to owners of the Company for the Period are as follows:

	For the nine months ended 30 September		
	2023	2022	Change
	<i>HK\$'million</i>	<i>HK\$'million</i>	%
	(Unaudited)	(Unaudited)	
PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Food and catering business	22.8	(101.7)	N/A
Food souvenir business	8.9	(7.8)	N/A
Property investment business	6.0	(1.9)	N/A
Other revenue, corporate payroll and unallocated expenses	(3.0)	(3.6)	-16.7%
Total	34.7	(115.0)	N/A

Details of the breakdown of the unaudited results attributable to owners of the Company by geographical locations for the Period are as follows:

	For the nine months ended 30 September		
	2023	2022	Change
	<i>HK\$'million</i>	<i>HK\$'million</i>	%
	(Unaudited)	(Unaudited)	
PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Macau	37.2	(76.8)	N/A
Mainland China	(4.2)	(25.2)	-83.3%
Hong Kong	1.7	(11.4)	N/A
Taiwan	-	(1.6)	-100.0%
Total	34.7	(115.0)	N/A

The Group has also recorded the following unaudited revenue/expenses for the Period as follows:

	For the nine months ended 30 September		
	2023	2022	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	(0.5)	(10.3)	–95.1%
– Net fair value loss of the Key Investment Property	–	(8.8)	–100.0%
– Impairment loss on goodwill	–	(25.8)	–100.0%
– Impairment loss on other intangible assets	–	(5.0)	–100.0%
– Gain on lease modification	1.1	12.4	–91.1%
– Rent concessions	–	6.9	–100.0%
– Others (<i>note 4</i>)	6.0	4.1	+46.3%
Administrative expenses	(50.8)	(56.7)	–10.4%
Finance costs	(14.2)	(11.3)	+25.7%

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

BUSINESS UPDATE

The Group has recorded an unaudited profit attributable to owners of the Company of some HK\$34.7 million in the Period which was mainly attributable to (i) the profit attributable to owners of the Group’s food and catering business of some HK\$22.8 million; (ii) the profit attributable to owners of the Group’s food souvenir business of some HK\$8.9 million; and (iii) the profit attributable to owners of the Group’s property investment business of some HK\$6.0 million.

The Group has also recorded for the Period a gross margin ratio of some 72.7% with an EBITDA at some HK\$91.0 million as against a gross margin ratio of some 67.6% with a LBITDA at some HK\$50.2 million for the same period of 2022.

The unaudited profit attributable to owners of the Company excluding any net fair value gain/loss of the investment properties (“Net Ordinary Operating Profit”) for the Period was HK\$34.7 million, as against a Net Ordinary Operating Loss of some HK\$106.2 million for the same period of 2022. Such profit has been largely due to the reasons as stated above.

In the Period, the Group’s food and catering business and food souvenir business in Macau have performed much in line with the increased level of visitor arrivals, where a total of 19,928,168 visitors to Macau have been recorded with a significant increase of 356.6%, as compared to 4,364,105 visitors in the same period of 2022.

The Group opened 3 food court counters in Lisboaeta Macau and closed 1 Chinese restaurant during the Third Quarter. It is currently planned to open 3 food court counters in the Macau International Airport in the last quarter of 2023 and a food souvenir shop in Studio City in early 2024. In October 2023, the Group closed 4 restaurants in Uniwalk Shenzhen due to unsatisfactory performance and the Group plans to discontinue its restaurants operations in Mainland China, while focusing on Macau and Hong Kong.

As the recovery in travel and tourism spending proceeds in Macau and Hong Kong, the Group has been able to benefit from such revenue recovery with satisfactory financial performance. Management has seen a substantial improvement in the performance of the Group's restaurants and food souvenir shops and is optimistic on the outlook of the operating environment of the Group in view of the stable continuous growth in visitor arrivals.

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, 31 October 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. Yu Kam Yuen, Lincoln, Mr. Chek Kuong Fong and Mr. Vong Hou Piu, the independent non-executive Directors.