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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 YEAR ENDED 31 DECEMBER 2023 AND BUSINESS UPDATE OF THE GROUP FOR THE FOURTH 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 year ended 31 December 2023 (“Year”). Based on its unaudited management accounts, the Group has recorded an unaudited profit attributable to owners of the Company of some HK\$14.1 million for the fourth quarter of 2023 (“Fourth Quarter”), as compared to an unaudited loss attributable to owners of the Company of some HK\$10.6 million for the fourth quarter of 2022. The Group has thus recorded an unaudited profit attributable to owners of the Company of some HK\$48.8 million for the Year as compared to an unaudited loss attributable to owners of the Company of some HK\$125.6 million for the year 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 YEAR

The Board wishes to inform the shareholders of the Company and potential investors of a positive profit alert for the Year. Based on its unaudited management accounts, the Group has recorded the following results attributable to the owners of the Company for the Year:

	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
Fourth quarter	14.1	(10.6)	N/A
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The Year	48.8	(125.6)	N/A
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In the Year, the Group has sustained a substantial growth of some 72.3% in its turnover due to significant increase in visitor arrivals and improvement in hotel occupancy rate in Macau and Hong Kong. The unaudited profit attributable to owners of the Company was some HK\$48.8 million for the Year which has been mainly attributable to (i) a profit of some HK\$24.4 million from its food and catering business, (ii) a profit of some HK\$20.3 million from food souvenir business and (iii) a profit of some HK\$9.8 million from its property investment business.

During the Year, the Group has net fair value gain of some HK\$1.8 million (2022: net fair value loss of HK\$5.3 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 Fourth Quarter. Details of the Group's unaudited turnover breakdown for the Fourth Quarter are as follows:

	For the three months ended 31 December		
	2023 <i>HK\$'million</i> (Unaudited)	2022 <i>HK\$'million</i> (Unaudited)	Change %
TURNOVER			
Restaurants:			
Japanese restaurants	25.6	14.2	+80.3%
Chinese restaurants	9.2	6.6	+39.4%
Western restaurants	–	1.2	-100.0%
Food court counters	27.8	13.4	+107.5%
Franchise restaurants	14.7	13.8	+6.5%
	<u>77.3</u>	<u>49.2</u>	+57.1%
Industrial catering	3.8	5.1	-25.5%
Food wholesale	2.9	3.5	-17.1%
	<u>84.0</u>	<u>57.8</u>	+45.3%
Food and catering business	32.8	12.5	+162.4%
Food souvenir business	5.0	5.0	–
Property investment business	<u>5.0</u>	<u>5.0</u>	–
Total	<u>121.8</u>	<u>75.3</u>	+61.8%

Details of the Group's unaudited turnover breakdown by geographical locations for the Fourth Quarter are as follows:

	For the three months ended 31 December		
	2023 <i>HK\$'million</i> (Unaudited)	2022 <i>HK\$'million</i> (Unaudited)	Change %
TURNOVER			
Macau	93.6	51.4	+82.1%
Mainland China	0.2	4.6	-95.7%
Hong Kong	28.0	19.3	+45.1%
	<u>121.8</u>	<u>75.3</u>	+61.8%
Total	<u>121.8</u>	<u>75.3</u>	+61.8%

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

	For the three months ended 31 December		
	2023 <i>HK\$'million</i> (Unaudited)	2022 <i>HK\$'million</i> (Unaudited)	Change %
Turnover	121.8	75.3	+61.8%
Cost of sales	(31.3)	(21.8)	+43.6%
Gross margin	90.5	53.5	+69.2%
Direct operating expenses	(62.8)	(42.8)	+46.7%
Gross operating profit	27.7	10.7	+158.9%
Gross operating profit margin (%)	22.7%	14.2%	+8.5%

Details of the Group's same store performance (note 1) of restaurants, industrial catering business and food souvenir business in term of turnover for the Fourth Quarter are as follows:

	For the three months ended 31 December		
	2023 <i>HK\$'million</i> (Unaudited)	2022 <i>HK\$'million</i> (Unaudited)	Change %
SAME STORE TURNOVER			
Restaurants:			
Japanese restaurants	25.5	12.6	+102.4%
Chinese restaurants	5.6	2.8	+100.0%
Food court counters	27.8	13.2	+110.6%
Franchise restaurants	14.2	12.2	+16.4%
Industrial catering	73.1	40.8	+79.2%
	3.8	5.1	-25.5%
Restaurants and industrial catering business	76.9	45.9	+67.5%
Food souvenir business	32.7	12.4	+163.7%
Total	109.6	58.3	+88.0%

Note 1: 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 Fourth Quarter are as follows:

	For the three months ended 31 December		
	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	1.6	(13.6)	N/A
Food souvenir business	11.4	(0.2)	N/A
Property investment business	3.8	6.0	-36.7%
Other revenue, corporate payroll and unallocated expenses	(2.7)	(2.8)	-3.6%
	<u> </u>	<u> </u>	
Total	<u>14.1</u>	<u>(10.6)</u>	N/A

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

	For the three months ended 31 December		
	2023	2022	Change
	<i>HK\$'million</i>	<i>HK\$'million</i>	%
	(Unaudited)	(Unaudited)	
PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Macau	16.6	(0.2)	N/A
Mainland China	(3.4)	(9.2)	-63.0%
Hong Kong	0.9	(1.2)	N/A
	<u> </u>	<u> </u>	
Total	<u>14.1</u>	<u>(10.6)</u>	N/A

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

	For the three months ended 31 December		
	2023	2022	Change
	<i>HK\$'million</i>	<i>HK\$'million</i>	%
	(Unaudited)	(Unaudited)	
Other revenue, gains and losses:			
– Net fair value gain on Key Investment Property	1.8	3.5	-48.6%
– Loss on written off of/impairment loss on property, plant and equipment	(0.7)	(3.6)	-80.6%
– Reverse of impairment loss on intangible assets	6.0	-	N/A
– Gain on lease modification	1.0	0.2	+400.0%
– Others (<i>note 2</i>)	2.8	(3.2)	N/A
Administrative expenses	(19.1)	(18.1)	+5.5%
Finance costs	(5.9)	(5.0)	+18.0%

Note 2: 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, third and fourth quarters 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
Second quarter	25.0%	(22.7)%	N/A
Third quarter	23.0%	(15.3)%	N/A
Fourth quarter	14.9%	6.1%	+8.8%
The Year	21.9%	(14.6)%	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%
Fourth quarter	32.3%	17.6%	+14.7%
The Year	26.8%	0.4%	+26.4%

The Group's business has substantially improved in the Fourth Quarter due to a significant increase in visitor arrivals to Macau. The Group has in the Fourth Quarter recorded a gross margin ratio of some 74.3% with an EBITDA at some HK\$34.7 million as against a gross margin ratio of some 71.0 % with an EBITDA at some HK\$3.8 million for the same quarter of 2022.

The performance details of different restaurants in different food types in the Fourth Quarter are set out above. The Group's food and catering business and food souvenir business in Macau in the Fourth 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 520% to 8,284,835 visitors in the Fourth Quarter, as compared to 1,336,234 visitors in the same quarter of 2022.

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

	For the year ended 31 December		
	2023	2022	Change
	<i>HK\$'million</i>	<i>HK\$'million</i>	%
	(Unaudited)	(Unaudited)	
TURNOVER			
Restaurants:			
Japanese restaurants	122.3	59.7	+104.9%
Chinese restaurants	40.2	25.2	+59.5%
Western restaurants	5.9	16.3	-63.8%
Food court counters	104.7	39.7	+163.7%
Franchise restaurants	66.3	49.5	+33.9%
	339.4	190.4	+78.3%
Industrial catering	16.3	17.3	-5.8%
Food wholesale	11.8	12.7	-7.1%
	367.5	220.4	+66.7%
Food and catering business	103.6	44.8	+131.3%
Food souvenir business	20.0	19.9	+0.5%
Property investment business	491.1	285.1	+72.3%
Total	491.1	285.1	+72.3%

Details of the Group's unaudited turnover breakdown by geographical locations for the Year are as follows:

	For the year ended 31 December		
	2023 <i>HK\$'million</i> (Unaudited)	2022 <i>HK\$'million</i> (Unaudited)	Change %
TURNOVER			
Macau	364.6	190.1	+91.8%
Mainland China	20.6	25.7	-19.8%
Hong Kong	105.9	69.0	+53.5%
Taiwan	–	0.3	-100.0%
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Total	491.1	285.1	+72.3%
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A summary of the Group's unaudited operational financials for the Year is as follows:

	For the year ended 31 December		
	2023 <i>HK\$'million</i> (Unaudited)	2022 <i>HK\$'million</i> (Unaudited)	Change %
Turnover	491.1	285.1	+72.3%
Cost of sales	(132.2)	(89.7)	+47.4%
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Gross margin	358.9	195.4	+83.7%
Direct operating expenses	(231.8)	(208.2)	+11.3%
	<hr/>	<hr/>	
Gross operating profit/(loss)	127.1	(12.8)	N/A
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Gross operating profit/(loss) margin (%)	25.9%	(4.5)%	N/A

Details of the Group's same store performance (note 1) of restaurants, industrial catering business and food souvenir business in term of turnover for the Year are as follows:

	For the year ended 31 December		
	2023 <i>HK\$'million</i> (Unaudited)	2022 <i>HK\$'million</i> (Unaudited)	Change %
SAME STORE TURNOVER			
Restaurants:			
Japanese restaurants	114.7	37.9	+202.6%
Chinese restaurants	22.5	6.3	+257.1%
Western restaurants	0.1	0.1	–
Food court counters	104.7	37.4	+179.9%
Franchise restaurants	58.6	41.1	+42.6%
	300.6	122.8	+144.8%
Industrial catering	16.3	17.3	-5.8%
Restaurants and industrial catering business	316.9	140.1	+126.2%
Food souvenir business	103.4	44.1	+134.5%
Total	420.3	184.2	+128.2%

Note 1: 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 Year are as follows:

	For the year ended 31 December		
	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	24.4	(115.3)	N/A
Food souvenir business	20.3	(8.0)	N/A
Property investment business	9.8	4.1	+139.0%
Other revenue, corporate payroll and unallocated expenses	(5.7)	(6.4)	-10.9%
Total	48.8	(125.6)	N/A

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

	For the year ended 31 December		
	2023	2022	Change
	<i>HK\$'million</i> (Unaudited)	<i>HK\$'million</i> (Unaudited)	%
PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Macau	53.8	(77.0)	N/A
Mainland China	(7.6)	(34.4)	-77.9%
Hong Kong	2.6	(12.6)	N/A
Taiwan	–	(1.6)	-100.0%
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Total	48.8	(125.6)	N/A
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The Group has also recorded the following unaudited revenue/expenses for the Year as follows:

	For the year ended 31 December		
	2023	2022	Change
	<i>HK\$'million</i> (Unaudited)	<i>HK\$'million</i> (Unaudited)	%
Other revenue, gains and losses:			
– Loss on written off of/impairment loss on property, plant and equipment	(1.2)	(13.9)	-91.4%
– Net fair value gain/(loss) on the Key Investment Property	1.8	(5.3)	N/A
– Impairment loss on goodwill	–	(25.8)	-100.0%
– Reverse of impairment loss/(Impairment loss) on other intangible assets	6.0	(5.0)	N/A
– Gain on lease modification	2.1	12.6	-83.3%
– Rent concessions	–	6.9	-100.0%
– Others (<i>note 2</i>)	8.8	0.9	+877.8%
Administrative expenses	(69.9)	(74.8)	-6.6%
Finance costs	(20.1)	(16.3)	+23.3%

Note 2: 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 the owners of some HK\$48.8 million in the Year which was mainly attributable to (i) the profit attributable to owners of the Group's food and catering business of some HK\$24.4 million; (ii) the profit attributable to owners of the Group's food souvenir business of some HK\$20.3 million; and (iii) the profit attributable to owners of the Group's property investment business of some HK\$9.8 million.

The Group has also recorded for the Year a gross margin ratio of some 73.1% with an EBITDA at some HK\$125.7 million as against a gross margin ratio of some 68.5% with a LBITDA at some HK\$46.5 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 Year was some HK\$47.0 million, as against a Net Ordinary Operating Loss of some HK\$120.3 million for the same period of 2022. Such profit has been largely due to the reasons as stated above.

In the Year, 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 28,213,003 visitors to Macau have been recorded with a significant increase of 394.9%, as compared to 5,700,339 visitors in the same period of 2022.

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

With 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 substantial improvement in the performance of the Group's restaurants and food souvenir shops. Management 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, 13 March 2024

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.