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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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2023 HK\$'000	2022 HK\$'000	Change %
Turnover	491,112	285,056	+72.3%
Gross margin	358,928	195,325	+83.8%
Gross operating profit/(loss)	127,116	(12,890)	N/A
EBITDA/(LBITDA)	125,465	(46,518)	N/A
Profit/(loss) attributable to owners of the Company	48,588	(125,612)	N/A
Net Ordinary Operating Profit/(Loss)	46,828	(120,332)	N/A
Basic profit/(loss) per share	HK7.00 cents	HK(18.09) cents	N/A
	As at 31 December		
	2023 HK\$'000	2022 HK\$'000	Change %
Total assets	1,003,720	949,936	+5.7%
Net assets	356,127	295,503	+20.5%
Net assets per share	HK\$0.513	HK\$0.426	+20.5%
Gearing ratio	170.0%	212.6%	-42.6%
Total assets/total liabilities ratio	1.55	1.45	+6.9%

* For identification purpose only

ANNUAL RESULTS

The board of directors (“Directors”) of Future Bright Holdings Limited (“Company”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (“Group”) for the year ended 31 December 2023 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Turnover	4	491,112	285,056
Cost of sales		(132,184)	(89,731)
Gross margin		358,928	195,325
Direct operating expenses		(231,812)	(208,215)
Gross operating profit/(loss)		127,116	(12,890)
Other revenue	5	7,626	17,826
Other gains and losses	6	9,394	(48,106)
Administrative expenses		(69,920)	(74,763)
Finance costs	8	(20,059)	(16,288)
Profit/(loss) before income tax	7	54,157	(134,221)
Income tax credit	9	6,359	6,364
Profit/(loss) for the year		60,516	(127,857)
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		(96)	18,525
Reclassification of exchange differences on disposal of foreign operations		204	–
Total comprehensive income/(loss) for the year		60,624	(109,332)
Profit/(loss) attributable to:			
Owners of the Company		48,588	(125,612)
Non-controlling interests		11,928	(2,245)
		60,516	(127,857)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		48,696	(107,087)
Non-controlling interests		11,928	(2,245)
		60,624	(109,332)
Profit/(loss) per share			
– Basic and diluted (HK cents per share)	11	7.00	(18.09)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		164,755	175,480
Right-of-use assets		90,424	43,290
Investment properties		558,000	556,000
Goodwill		56,000	56,000
Other intangible assets		15,454	10,131
Prepayments and deposits	<i>12</i>	15,165	24,570
Total non-current assets		899,798	865,471
Current assets			
Inventories		23,071	19,966
Trade and other receivables	<i>12</i>	36,517	37,260
Financial assets at fair value through profit or loss		37	37
Restricted bank deposits		2,271	1,170
Cash and cash equivalents		42,026	26,032
Total current assets		103,922	84,465
Total assets		1,003,720	949,936
Current liabilities			
Trade and other payables	<i>13</i>	82,442	81,668
Amounts due to related parties		63,984	95,487
Lease liabilities		31,497	25,954
Current tax liabilities		7,259	13,315
Interest bearing borrowings		47,441	45,145
Non-interest bearing borrowings		1,388	1,388
Total current liabilities		234,011	262,957
Net current liabilities		(130,089)	(178,492)
Total assets less current liabilities		769,709	686,979

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – Continued
AS AT 31 DECEMBER 2023

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current liabilities		
Lease liabilities	60,538	24,212
Interest bearing borrowings	312,314	326,774
Deferred tax liabilities	35,301	35,061
Non-interest bearing borrowings	5,429	5,429
	<hr/>	<hr/>
Total non-current liabilities	413,582	391,476
	<hr/>	<hr/>
Total liabilities	647,593	654,433
	<hr/>	<hr/>
NET ASSETS	356,127	295,503
	<hr/>	<hr/>
Capital and reserves attributable to owners of the Company		
Share capital	69,430	69,430
Reserves	303,730	255,034
	<hr/>	<hr/>
Equity attributable to owners of the Company	373,160	324,464
Non-controlling interests	(17,033)	(28,961)
	<hr/>	<hr/>
TOTAL EQUITY	356,127	295,503
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NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

1. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as the “HKFRS”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

(b) Basis of measurement and going concern assumption

(i) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for investment properties and certain financial assets, which are measured at fair values as explained in the accounting policies set out in the Company’s 2023 annual report.

(ii) Going concern basis

During the year, the Group has made profit of HK\$60,516,000 and at the end of the reporting period, its current liabilities exceeded its current assets by HK\$130,089,000. The current liabilities mainly consisted of trade and other payables of HK\$82,442,000, interest bearing borrowings of HK\$47,441,000, amounts due to related parties of HK\$63,984,000 and the lease liabilities of HK\$31,497,000. The Group has recorded net operating cash inflow of HK\$124,555,000 during the year.

Based on the Group’s history of its operating performance and its expected future working capital, the directors of the Company believe that there are sufficient financial resources available to the Group to meet its liabilities as and when they fall due. For the purpose of assessing going concern, 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 (the “Forecast Period”), after taking into account the past operating performance of the Group and the following:

- (i) Up to the date of this announcement, the Group had unused bank and credit facilities of a total amount of approximately HK\$74.1 million, including credit facilities for capital expenditures and working capital of amounts of approximately HK\$19.1 million and approximately HK\$55.0 million respectively;
- (ii) The Group has been actively negotiating with banks for having favourable terms when renewing the banking facilities in order to secure necessary funds to meet the Group’s working capital and financing requirements in the foreseeable future;
- (iii) The Group has obtained undertaking from the related parties not to request immediate settlement on the outstanding amounts of approximately HK\$63,984,000 until the Company is in a position to repay;

NOTES TO THE FINANCIAL STATEMENTS – Continued
31 DECEMBER 2023

1. BASIS OF PREPARATION – Continued

(b) Basis of measurement and going concern assumption – Continued

(ii) Going concern basis – Continued

- (iv) Management has been endeavouring to maintain the Group’s operating results and cash flows in the coming year through maintaining various cost control measures, including offering flexible working hours; and
- (v) The Group will consider to realise the investment properties of the Group with a fair value of approximately HK\$558,000,000 and certain land and buildings of the Group with a carrying amount of approximately HK\$128,834,000 as at 31 December 2023 and using the proceeds to repay certain secured bank loans and strengthen the Group’s liquidity, when necessary.

Accordingly, the consolidated financial statements have been prepared on a going concern basis.

(c) Functional and presentation currency

The functional currency of the Company is Macau Patacas (“MOP”), while the consolidated financial statements are presented in Hong Kong dollars (“HK\$”). Each entity in the Group maintains its books and records in its own functional currency. As the Company is listed on Main Board of the Stock Exchange, the directors consider that it will be more appropriate to adopt HK\$ as the Group’s and the Company’s presentation currency.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(a) Adoption of new and amendments to HKFRSs – effective 1 January 2023

The HKICPA has issued a number of new and amendments to HKFRSs that are first effective for the current accounting period of the Group.

The Group has adopted the following new and amendments to HKFRSs for the current year’s consolidated financial statements:

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
HKFRS 17	Insurance Contracts

Other than the amendments to HKAS 1 and HKFRS Practice Statement 2, none of these new or amended HKFRSs has a material impact on the Group’s results and financial position for the current or prior period.

The Group has not early applied any amended HKFRSs that is not yet effective for the current accounting period. Impact on the applications of these amendments to HKFRSs are summarised below.

NOTES TO THE FINANCIAL STATEMENTS – Continued
31 DECEMBER 2023

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) – Continued

(a) Adoption of new and amendments to HKFRSs – effective 1 January 2023 – Continued

Disclosure of Accounting Policies (Amendments to HKAS 1 Presentation of Financial Statements and HKFRS Practice Statement 2 Making Materiality Judgements)

The HKICPA issued HKFRS Practice Statement 2 Making Materiality Judgements in March 2021 to provide entities with non-mandatory guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with HKFRS. In April 2021, the HKICPA issued amendments to HKAS 1 and HKFRS Practice Statement 2. The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose “significant accounting policies” with “material accounting policy information”. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

These amendments have no effect on the measurement or presentation of any items in the consolidated financial statements of the Group but affect the disclosure of accounting policies of the Group.

(b) Amendments to HKFRSs that have been issued but are not yet effective

The following amendments to HKFRSs, have been issued, but are not yet effective and have not been early adopted by the Group. The Group’s current intention is to apply these changes on the date they become effective.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants ¹
HK Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to HKAS 21	Lack of Exchangeability ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

¹ Effective for annual periods beginning on or after 1 January 2024.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after a date to be determined.

The Group is in the process of making an assessment of the impact of these amendments to HKFRSs upon initial application. Up to now, the directors of the Company consider that these new and amendments to HKFRSs will not have a significant impact on the Group’s financial performance and financial position.

NOTES TO THE FINANCIAL STATEMENTS – Continued
31 DECEMBER 2023

3. SEGMENT REPORTING

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are 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.

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from contracts with customers under HKFRS 15		
Food and catering – sales of food and catering in Macau, Mainland China, Hong Kong and Taiwan	367,487	220,372
Food souvenir – sales of food souvenir, including festival food products	103,634	44,773
	471,121	265,145
Revenue from other source		
Property investment – leasing of property	19,991	19,911
	491,112	285,056

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.

NOTES TO THE FINANCIAL STATEMENTS – Continued
31 DECEMBER 2023

3. SEGMENT REPORTING – Continued

(a) Business segments

For the year ended 31 December 2023

	Food and catering <i>HK\$'000</i>	Food souvenir <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Inter- segment elimination <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue					
Revenue from external customers	367,487	103,634	19,991	–	491,112
Revenue from inter-segment	–	–	180	(180)	–
Other revenue	6,872	467	287	–	7,626
	<u>374,359</u>	<u>104,101</u>	<u>20,458</u>	<u>(180)</u>	<u>498,738</u>
Reportable segment revenue					
	<u>374,359</u>	<u>104,101</u>	<u>20,458</u>	<u>(180)</u>	<u>498,738</u>
Results					
Reportable segment results	21,342	28,676	10,251	–	60,269
	<u>21,342</u>	<u>28,676</u>	<u>10,251</u>	<u>–</u>	<u>60,269</u>

As at 31 December 2023

	Food and catering <i>HK\$'000</i>	Food souvenir <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Assets				
Reportable segment assets*	363,308	51,162	588,447	1,002,917
Liabilities				
Reportable segment liabilities	334,168	26,030	285,492	645,690
	<u>334,168</u>	<u>26,030</u>	<u>285,492</u>	<u>645,690</u>
Reportable segment net assets	29,140	25,132	302,955	357,227
	<u>29,140</u>	<u>25,132</u>	<u>302,955</u>	<u>357,227</u>

* As at 31 December 2023, food and catering and food souvenir segment assets included cash and cash equivalents of approximately HK\$26,693,000 (2022: HK\$21,866,000) and HK\$2,954,000 (2022: HK\$2,096,000) respectively, while property investment segment assets included cash and cash equivalents of approximately HK\$11,657,000 (2022: HK\$1,990,000), and investment properties of approximately HK\$558,000,000 (2022: HK\$556,000,000).

NOTES TO THE FINANCIAL STATEMENTS – Continued
31 DECEMBER 2023

3. SEGMENT REPORTING – Continued

(a) Business segments – Continued

Other information

For the year ended 31 December 2023

	Food and catering HK\$'000	Food souvenir HK\$'000	Property investment HK\$'000	Consolidated HK\$'000
Interest income	200	–	92	292
Interest expense	11,181	297	8,581	20,059
Capital expenditure	9,724	2,142	–	11,866
Addition of right-of-use assets	2,357	3,914	–	6,271
Depreciation of property, plant and equipment	18,035	1,740	773	20,548
Depreciation of right-of-use assets	25,687	4,007	–	29,694
Amortisation of other intangible assets	773	234	–	1,007
Reversal of impairment loss on other intangible assets	–	6,000	–	6,000
Loss on written off of property, plant and equipment	1,235	–	–	1,235
Fair value gain on investment properties	–	–	2,000	2,000
Gain on disposal of subsidiaries	108	–	–	108
Gain on lease modification	1,749	365	–	2,114
Income tax credit/(expense), net	6,599	–	(240)	6,359

For the year ended 31 December 2022

	Food and catering HK\$'000	Food souvenir HK\$'000	Property investment HK\$'000	Inter- segment elimination HK\$'000	Consolidated HK\$'000
Revenue					
Revenue from external customers	220,372	44,773	19,911	–	285,056
Revenue from inter-segment	–	–	175	(175)	–
Other revenue	16,634	1,017	175	–	17,826
Reportable segment revenue	237,006	45,790	20,261	(175)	302,882
Results					
Reportable segment results	(120,529)	(10,651)	3,558	–	(127,622)

NOTES TO THE FINANCIAL STATEMENTS – Continued
31 DECEMBER 2023

3. SEGMENT REPORTING – Continued

(a) Business segments – Continued

As at 31 December 2022

	Food and catering <i>HK\$'000</i>	Food souvenir <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Assets				
Reportable segment assets*	330,934	41,323	576,887	949,144
Liabilities				
Reportable segment liabilities	<u>341,181</u>	<u>18,019</u>	<u>293,020</u>	<u>652,220</u>
Reportable segment net (liabilities)/assets	<u>(10,247)</u>	<u>23,304</u>	<u>283,867</u>	<u>296,924</u>

Other information

For the year ended 31 December 2022

	Food and catering <i>HK\$'000</i>	Food souvenir <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Interest income	148	–	–	148
Interest expense	8,620	352	7,316	16,288
Capital expenditure	10,091	2,626	–	12,717
Addition of right-of-use assets	22,470	1,803	–	24,273
Depreciation of property, plant and equipment	19,572	2,600	691	22,863
Depreciation of right-of-use assets	44,073	3,772	–	47,845
Amortisation of other intangible assets	512	195	–	707
Impairment loss on goodwill	25,775	–	–	25,775
Impairment loss on property, plant and equipment	2,196	–	–	2,196
Impairment loss on other intangible assets	–	5,000	–	5,000
Loss on written off of property, plant and equipment	10,155	1,541	–	11,696
Fair value loss on investment properties	–	–	6,000	6,000
Rent concessions	6,207	667	–	6,874
Gain on lease modification	12,604	–	–	12,604
Income tax credit, net	<u>5,644</u>	<u>–</u>	<u>720</u>	<u>6,364</u>

NOTES TO THE FINANCIAL STATEMENTS – Continued
31 DECEMBER 2023

3. SEGMENT REPORTING – Continued

(b) Reconciliation of reportable segment revenues, profit and loss, assets and liabilities

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue		
Reportable segment revenue	498,738	302,882
Less: other revenue	(7,626)	(17,826)
	<hr/>	<hr/>
Consolidated revenue	491,112	285,056
	<hr/>	<hr/>
Profit/(loss) before income tax		
Reportable segment profit/(loss)	60,269	(127,622)
Corporate payroll expenses	(3,236)	(3,253)
Unallocated expenses	(2,876)	(3,346)
	<hr/>	<hr/>
Consolidated profit/(loss) before income tax	54,157	(134,221)
	<hr/>	<hr/>
Assets		
Reportable segment assets	1,002,917	949,144
Financial assets at fair value through profit or loss	37	37
Unallocated corporate assets	766	755
	<hr/>	<hr/>
Consolidated total assets	1,003,720	949,936
	<hr/>	<hr/>
Liabilities		
Reportable segment liabilities	645,690	652,220
Unallocated corporate liabilities	1,903	2,213
	<hr/>	<hr/>
Consolidated total liabilities	647,593	654,433
	<hr/>	<hr/>

Unallocated expenses comprised mainly of the expenses of the Group's headquarter which were not directly attributable to the business activities of any operating segment.

Unallocated corporate assets comprised mainly of cash and cash equivalents which are held as general working capital of the Group as a whole and other corporate assets of the Group's headquarter which were not directly attributable to the business activities of any operating segment. Unallocated corporate liabilities mainly comprised of the liabilities of the Group's headquarter which were not directly attributable to the business activities of any operating segment.

NOTES TO THE FINANCIAL STATEMENTS – Continued
31 DECEMBER 2023

3. SEGMENT REPORTING – Continued

(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)	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Hong Kong	105,887	69,256	14,042	18,097
Mainland China	20,627	25,421	86	5,833
Macau	364,598	190,126	870,505	816,971
Taiwan	–	253	–	–
	<u>491,112</u>	<u>285,056</u>	<u>884,633</u>	<u>840,901</u>

The geographical location of customers is based on the location at which the goods and services are delivered. For goodwill and other intangible assets, the geographical location is based on the areas of operation of CGUs. The geographical location of other non-current assets is based on the physical location of the assets.

(d) Information about major customers

There was no single customer that contributed to 10% or more of the Group's revenue for the years ended 31 December 2023 and 2022.

4. TURNOVER

Turnover represented sales of food and catering, 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:

	2023 HK\$'000	2022 HK\$'000
Revenue from contracts with customers under HKFRS 15		
Sales of food and catering	367,487	220,372
Sales of food souvenir	103,634	44,773
	<u>471,121</u>	<u>265,145</u>
Revenue from other source		
Rental income from investment properties	19,991	19,911
	<u>19,991</u>	<u>19,911</u>
	<u>491,112</u>	<u>285,056</u>
By timing of revenue recognition under HKFRS 15		
At a point in time	471,121	265,145
	<u>471,121</u>	<u>265,145</u>

The Group did not have any contract asset and contract liability as at 31 December 2023 and 2022.

NOTES TO THE FINANCIAL STATEMENTS – Continued
31 DECEMBER 2023

5. OTHER REVENUE

	2023	2022
	HK\$'000	HK\$'000
Interest income	292	148
Management fee income	5,176	4,048
Rental income from staff quarters and others	453	450
Government grants (<i>note</i>)	–	10,150
Others	1,705	3,030
	<u>7,626</u>	<u>17,826</u>

Note: Government grants of approximately HK\$4,500,000 was obtained for the year ended 31 December 2022 from the Macau Government supporting the Macau companies that were impacted by COVID-19 pandemic.

Government grants of approximately HK\$5,650,000 was obtained for the year ended 31 December 2022 from Employment Support Scheme (“ESS”) under the Anti-epidemic Fund launched by the Hong Kong Government supporting the payroll of the Group’s employees. Under the Schemes, the Group had to commit to spend these grants on payroll expenses, and not to reduce employee head count in prescribed period.

The Group does not have other unfulfilled obligations relating to the above programs as at 31 December 2022.

6. OTHER GAINS AND LOSSES

	2023	2022
	HK\$'000	HK\$'000
Rent concessions	–	6,874
Exchange gain/(loss), net	1,135	(16,140)
Fair value gain/(loss) of investment properties	2,000	(6,000)
Impairment loss on property, plant and equipment	–	(2,196)
Loss on written off of property, plant and equipment	(1,235)	(11,696)
Gain on lease modification	2,114	12,604
Reversal of impairment loss/(impairment loss) on other intangible assets	6,000	(5,000)
Impairment loss on goodwill	–	(25,775)
Gain on disposal of subsidiaries	108	–
Others	(728)	(777)
	<u>9,394</u>	<u>(48,106)</u>

NOTES TO THE FINANCIAL STATEMENTS – Continued
31 DECEMBER 2023

7. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(loss) before income tax was arrived at after charging:

	2023	2022
	HK\$'000	HK\$'000
Cost of inventories recognised as expenses	131,212	89,002
Direct operating expenses arising from investment properties during the year	972	729
Cost of sales	132,184	89,731
Employee costs	138,493	136,318
Depreciation of property, plant and equipment	20,548	22,863
Amortisation of other intangible assets	1,007	707
Auditor's remuneration	1,180	1,100
Operating lease charges on properties		
– Contingent rentals*	29,886	4,794
– Short term lease expenses	3,276	1,670
Depreciation of right-of-use assets	29,694	47,845

* Contingent rentals are calculated, based on a percentage of the relevant sales of the restaurants/shops pursuant to the relevant rental agreements.

8. FINANCE COSTS

	2023	2022
	HK\$'000	HK\$'000
Interest on interest bearing borrowings:		
– Repayable within five years	15,986	6,799
– Repayable over five years	–	4,521
	15,986	11,320
Interest on an amount due to a related party	601	371
Imputed interest expenses on lease liabilities	3,472	4,597
	20,059	16,288

NOTES TO THE FINANCIAL STATEMENTS – Continued
31 DECEMBER 2023

9. INCOME TAX CREDIT

The amount of income tax credit in the consolidated statement of comprehensive income represented:

	2023	2022
	HK\$'000	HK\$'000
Current tax – Macau Complementary Income Tax		
– tax charge for the year	437	–
– Over-provision in respect of prior years	(7,036)	(5,644)
Deferred tax		
– Charge/(credit) for the year	240	(720)
	<u> </u>	<u> </u>
Income tax credit	(6,359)	(6,364)
	<u> </u>	<u> </u>

Macau Complementary Income Tax is calculated at the progressive rate on the estimated assessable profits for the year. The maximum tax rate is 12% for the year ended 31 December 2023 (2022: 12%).

Mainland China Enterprise Income Tax (“EIT”) is calculated at rate of 25% (2022: 25%). No provision for EIT has been made as Mainland China subsidiaries had no assessable profits for EIT for the years ended 31 December 2023 and 2022.

The Group is subject to Hong Kong profits tax at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Company which is a qualifying entity under the two tiered profits tax rates regime. The first HK\$2,000,000 (2022: HK\$2,000,000) of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

10. DIVIDENDS

No interim dividend was declared during the year (2022: nil) and the board of directors of the Company does not recommend the payment of any final dividend for the year ended 31 December 2023 (2022: nil).

NOTES TO THE FINANCIAL STATEMENTS – Continued
31 DECEMBER 2023

11. PROFIT/(LOSS) PER SHARE

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

a. Basic profit/(loss) per share

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit/(loss) for the year attributable to owners of the Company	<u>48,588</u>	<u>(125,612)</u>
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purposes of basic profit/(loss) per share	<u>694,302,420</u>	<u>694,302,420</u>
Basic profit/(loss) per share (HK cents)	<u>7.00</u>	<u>(18.09)</u>

b. Diluted profit/(loss) per share

The amounts of diluted profit/(loss) per share for the years ended 31 December 2023 and 2022 were the same as basic profit/(loss) per share respectively as there were no dilutive potential ordinary shares in existence during the years ended 31 December 2023 and 2022.

12. TRADE AND OTHER RECEIVABLES

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.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current portion		
Trade receivables	26,622	23,759
Prepayments and deposits (<i>note</i>)	9,495	12,370
Other receivables	<u>400</u>	<u>1,131</u>
Total	<u>36,517</u>	<u>37,260</u>
Non-current portion		
Prepayments and deposits (<i>note</i>)	<u>15,165</u>	<u>24,570</u>

Note: As at 31 December 2023 and 2022, these balances mainly represented deposits paid for rental and utilities.

NOTES TO THE FINANCIAL STATEMENTS – Continued
31 DECEMBER 2023

12. TRADE AND OTHER RECEIVABLES – Continued

The Group recognised impairment loss based on the accounting policy stated in the Company’s 2023 annual report.

Trade debtors are due within 30 days from the date of billing. Further details on the Group’s credit policy and credit risk arising from trade debtors are set out in the Company’s 2023 annual report.

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

	2023 <i>HK\$’000</i>	2022 <i>HK\$’000</i>
0 to 90 days	26,592	22,253
91 days to 365 days	30	1,436
Over 365 days	–	70
Total	<u>26,622</u>	<u>23,759</u>

13. TRADE AND OTHER PAYABLES

	2023 <i>HK\$’000</i>	2022 <i>HK\$’000</i>
Trade payables	32,178	27,237
Accruals and other provision	35,789	32,207
Construction and other payables	14,475	22,224
Total	<u>82,442</u>	<u>81,668</u>

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

	2023 <i>HK\$’000</i>	2022 <i>HK\$’000</i>
Within 90 days	29,350	24,638
91 to 180 days	1,030	1,514
181 to 365 days	1,475	594
More than 365 days	323	491
Total	<u>32,178</u>	<u>27,237</u>

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONS REVIEW

During the Year, the Group's principal activities were in the sales of food and catering, food souvenir and property investment.

Food and Catering Business

The operational financials of the Group's food and catering business for the years ended 31 December 2023 and 2022 are as follows:

	2023 <i>HK\$'million</i>	Change %	2022 <i>HK\$'million</i>
Turnover	367.5	+66.7%	220.4
Cost of sales	(96.7)	+37.6%	(70.3)
Gross margin	270.8	+80.4%	150.1
Direct operating expenses	(190.5)	+4.4%	(182.4)
Gross operating profit/(loss)	80.3	N/A	(32.3)
Gross operating profit/(loss) margin (%)	21.9%	N/A	(14.7)%
Profit/(Loss) attributable to owners of the Company	24.4	N/A	(115.3)

During the Year, the Group's food and catering business contributed some HK\$367.5 million turnover representing about 74.8% 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 and food court counters. More details on this business are set out in the section headed "Chairman's Statement" of the Company's 2023 annual report.

MANAGEMENT DISCUSSION AND ANALYSIS – Continued

OPERATIONS REVIEW – Continued

Food and Catering Business – Continued

Restaurant Chain

Analysis of the number of restaurants as at 26 March 2024 (being the date of this announcement), 31 December 2023 and 2022 are listed as follows:

	As at the date of this announcement	As at 31 December 2023	2022
Number of restaurants			
Japanese restaurants (<i>note a</i>)	3	3	5
Chinese restaurants (<i>note b</i>)	3	3	4
Western restaurants	–	–	1
Food court counters (<i>note c</i>)	14	12	10
Franchise restaurants (<i>note d</i>)	10	9	10
	<hr/>	<hr/>	<hr/>
	30	27	30
Industrial catering (<i>note e</i>)	1	1	1
	<hr/>	<hr/>	<hr/>
	31	28	31
	<hr/>	<hr/>	<hr/>
Total areas of self-owned and franchise restaurants (sq.ft.)	35,654 sq.ft.	35,654 sq.ft.	54,262 sq.ft.
Turnover against total areas of restaurants (per sq.ft. per annum)	Not applicable	HK\$10,307	HK\$4,062
	<hr/>	<hr/>	<hr/>

Note a: As at 31 December 2023, Japanese restaurants included 3 Edo Japanese Restaurants.

Note b: As at 31 December 2023, Chinese restaurants included 1 Turtle Essence and 2 Good Fortune Kitchens.

Note c: As at 31 December 2023, food court counters included 3 Toei Delights Japanese food court counters, 1 Hundred Taste Kitchen Taiwanese food court counter, 1 Good Fortune Kitchen Chinese food court counter, 1 Soul Jook food court counter, 1 Bari-Uma & Sinsaeat Kitchen food court counter and 5 Food Playground food court counters.

Note d: As at 31 December 2023, franchise restaurants included 2 Pacific Coffee shops, 3 Pepper Lunch, 3 Bari-Uma ramen and 1 Fu-Un-Maru.

Note e: As at 31 December 2023, industrial catering included 1 student/staff canteen.

MANAGEMENT DISCUSSION AND ANALYSIS – Continued

OPERATIONS REVIEW – Continued

Food and Catering Business – Continued

Restaurant Chain – Continued

During the Year, the Group opened 1 Chinese restaurant, 1 franchise restaurant, 2 food court counters and closed down 5 self-owned restaurants. As at 31 December 2023, the Group had 28 restaurants (including 7 self-owned restaurants and 9 franchise restaurants) and 12 food court counters.

Analysis of the number of restaurants and food court counters by geographical locations for the years 2023 and 2022 are listed as follows:

	As at 31 December	
	2023	2022
Number of restaurants		
Macau	12	13
Mainland China	–	4
Hong Kong	4	4
	<hr/>	<hr/>
Total	16	21
	<hr/>	<hr/>
	As at 31 December	
	2023	2022
Number of food court counters		
Macau	5	3
Hong Kong	7	7
	<hr/>	<hr/>
Total	12	10
	<hr/>	<hr/>

Details of the Group’s restaurants are set out in the section headed “List of Restaurants/Food Court Counters/Stores” of the Company’s 2023 annual report.

MANAGEMENT DISCUSSION AND ANALYSIS – Continued

OPERATIONS REVIEW – Continued

Food and Catering Business – Continued

Industrial Catering

During the Year, the Group's industrial catering business was derived from its provision of canteen services and lunch box catering services for school with a turnover of some HK\$16.3 million, representing a decrease of 5.8%, as compared to that of HK\$17.3 million for the year of 2022. The decrease in turnover of industrial catering business was mainly attributable to the decrease in provision of lunch box catering services to various schools. More details on this business are set out in the section headed "Chairman's Statement" of the Company's 2023 annual report.

Food Wholesale

During the Year, the Group's wholesale business of Japanese food and materials has achieved a turnover of some HK\$11.8 million, representing a decrease of some 7.1% as compared to that of HK\$12.7 million for the year of 2022. The decrease in turnover of food wholesale business was mainly attributable to an overall decrease of sales to customers in the Year. More details on this business are set out in the section headed "Chairman's Statement" of the Company's 2023 annual report.

Food Souvenir Business

The operational financials of the Group's food souvenir business for the years ended 31 December 2023 and 2022 are as follows:

	2023 <i>HK\$'million</i>	Change %	2022 <i>HK\$'million</i>
Turnover	103.6	+131.3%	44.8
Cost of sales	(34.5)	+84.5%	(18.7)
Gross margin	69.1	+164.7%	26.1
Direct operating expenses	(41.4)	+59.8%	(25.9)
Gross operating profit	27.7	+13,750.0%	0.2
Gross operating profit margin (%)	26.7%	+26.3%	0.4%
Profit/(Loss) attributable to owners of the Company	20.3	N/A	(8.0)

MANAGEMENT DISCUSSION AND ANALYSIS – Continued

OPERATIONS REVIEW – Continued

Food Souvenir Business – Continued

The Group's food souvenir business has in the Year recorded a total turnover of some HK\$103.6 million with a profit attributable to owners of the Company of some HK\$20.3 million, as against the turnover of some HK\$44.8 million with a loss attributable to owners of the Company of some HK\$8.0 million for the year of 2022. Further details of the Group's food souvenir business are set out in the section headed "Chairman's Statement" of the Company's 2023 annual report.

During the Year, the Group opened 1 Yeng Kee bakery shop and closed down 1 Yeng Kee bakery shop in Macau. Analysis of the number of Yeng Kee bakery shops/kiosks for the years 2023 and 2022 by geographical location is listed as follows:

	As at 31 December	
	2023	2022
Number of Yeng Kee bakery shops/kiosks		
Macau	<u>6</u>	<u>6</u>

Details of the Group's food souvenir shops/kiosks are set out in the section headed "List of Food Souvenir Shops/Kiosks" of the Company's 2023 annual report.

Property Investment Business

In the Year, the Key Investment Property has made steady rental income contribution to the Group. The Group's net profit attributable to the Group's property investment business was some HK\$9.8 million for the Year, as compared to the profit of HK\$4.1 million for the year of 2022. Such profit was mainly attributable to the rental income derived from the Key Investment Property.

As at 31 December 2023, the Key Investment Property has been valued by an independent professional valuer at some HK\$558.0 million (31 December 2022: HK\$556.0 million). More details on this business are set out in the section headed "Chairman's Statement" of the Company's 2023 annual report.

Details of the Group's properties are set out in the section headed "Group's Properties" of the Company's 2023 annual report.

MANAGEMENT DISCUSSION AND ANALYSIS – Continued

OPERATIONS REVIEW – Continued

Logistic Support and Human Resources

The Group's central food and logistic processing centre in Macau has become operational during 2018. The Group has also continued to actively enhance its logistic support including food sourcing and food processing facilities.

The management and staff teams have increased during the Year to some 629 (2022: 586) people in Macau, Mainland China and Hong Kong. Remuneration packages including medical plan have been and will be regularly reviewed with reference to market terms, individual qualifications, experience, duties and responsibilities. During the Year, various training activities including operational safety and management skills have been conducted to enhance operation efficiency.

MATERIAL LITIGATION

As at 31 December 2023, the Group had not been involved in any material litigation or arbitration (2022: nil).

LIQUIDITY AND FINANCIAL RESOURCES

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

As at 31 December 2023, the Group had net current liabilities of some HK\$130.1 million (2022: net current liabilities of HK\$178.5 million). As at 31 December 2023, the Group had bank deposits, bank overdraft, cash and cash equivalents totalling of some HK\$26.5 million (2022: HK\$12.9 million), while the Group's restricted bank deposits amounted to some HK\$2.3 million (2022: HK\$1.2 million), has been pledged to a bank for guarantee given in lieu of paying rental deposit.

As at 31 December 2023, the Group had interest-bearing bank loans of some HK\$359.8 million (2022: HK\$371.9 million) and interest-bearing loan from a related party of nil (2022: HK\$13.0 million). The Group's borrowings are made in Hong Kong dollars and Macau Patacas. Details of the borrowings are set out in notes "Interest bearing borrowings" and "Amounts due to related parties" to the financial statements of the Company's 2023 annual report.

LIQUIDITY AND FINANCIAL RESOURCES – Continued

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 31 December 2023 and 2022 was as follows:

	As at 31 December		
	2023	Change	2022
	%	%	%
Gearing ratio	<u>170.0</u>	<u>-42.6%</u>	<u>212.6</u>

The decrease in the Group's gearing ratio as at 31 December 2023 was mainly due to the decrease of net debts and the increase of the Group's total equity.

The ratio of the total assets against total liabilities of the Group as at 31 December 2023 was 1.55 (2022: 1.45).

EMPLOYEES

The Group employed, as at 31 December 2023, a total of 629 (2022: 586) full-time staff, in which 504 (2022: 410) full-time staff in Macau, 8 (2022: 72) full-time staff in Mainland China, 117 (2022: 104) full-time staff in Hong Kong. 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 detailed remuneration packages for the employees are determined by the management based on their performance.

An employee share option scheme of the Company was adopted on 8 June 2012 and effective for a period of 10 years since the date of adoption. Such scheme was expired during the year 2022. Details of the retirement benefits schemes of the Group are set out in notes to the financial statements of the Company's 2023 annual report. The contributions to the retirement schemes charged to the consolidated income statement during the Year was approximately HK\$2.8 million (2022: HK\$3.4 million), after deducting forfeitures of approximately HK\$0.3 million (2022: HK\$1.1 million). As at 31 December 2023, forfeited contributions available to reduce future contributions amounted to approximately HK\$0.3 million (as at 31 December 2022: HK\$1.3 million).

CLOSURE OF REGISTER OF MEMBERS

The register of shareholders of the Company will be closed from Monday, 3 June 2024 to Thursday, 6 June 2024 (both days inclusive), during which period no transfer of Shares will be registered, for the purpose of ascertaining Shareholders' eligibility to attend and vote at the 2024 AGM. The record date for the 2024 AGM shall be 6 June 2024. In order to qualify as shareholders of the Company to attend, act and vote at the 2024 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 31 May 2024.

The Company recommends the Shareholders intending to attend the 2024 AGM to vote by filling in and submitting the proxy form, i.e. to indicate their voting intention in the proxy form and designate the chairman of the 2024 AGM as your proxy to vote on your behalf on site. The form of proxy will be despatched to Shareholders and can also be downloaded from the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.fb.com.hk. To be valid, the form of proxy must be deposited at the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for holding the 2024 AGM or any adjourned meeting, as the case may be.

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

During the Year, 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 Year.

AUDIT COMMITTEE

The audit committee of the Company consists of three independent non-executive Directors, Mr. Vong Hou Piu, Mr. Yu Kam Yuen, Lincoln and Mr. Chek Kuong Fong. The audit committee has reviewed with the management the accounting policies as well as critical accounting estimates and assumptions with management. The audit committee has also discussed with the external auditor on their audit plan and key audit areas. The audited consolidated financial statements and the annual results announcement of the Group for the Year have been reviewed by the audit committee before submission to the Board for adoption.

CORPORATE GOVERNANCE

The Company has complied with the CG Code for the Year as set out in Appendix C1 to the Listing Rules except the following deviation:

Under the code provision C.1.6 of the CG Code, independent non-executive Directors should attend general meetings of the Company to gain and develop a balanced understanding of the views of Shareholders. Mr. Yu Kam Yuen, Lincoln was unable to attend the 2023 AGM due to other work commitment.

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 the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company.

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company has considered all of the independent non-executive Directors to be independent.

EVENTS AFTER THE REPORTING DATE

There is no significant subsequent events after the year end date of 31 December 2023.

OUTLOOK

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. Although the Group faces challenges such as intense competition, rising operating costs, and changing consumer preferences in the food and catering industry, management is constantly reviewing and closely monitoring the Group's operational performance in order to improve the market position and brand value of the Group. In view of the opportunities in Macau's tourism and food and beverage industry, the Group's business can continue to grow and thrive.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

DEFINITIONS

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

2023 AGM	The Company's annual general meeting held on 31 May 2023
2024 AGM	The Company's annual general meeting to be held on 6 June 2024
Board	The board of Directors
CG Code	The Corporate Governance Code set out in Appendix C1 to the Listing Rules
CGU	A cash-generating unit
Company	Future Bright Holdings Limited
Director(s)	Director(s) of the Company
EBITDA/LBITDA	Profit/(Loss) before interests, tax expense, depreciation and amortisation
Financial Statements	The audited consolidated financial statements of the Group for the Year
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
HK\$	Hong Kong Dollars
Hong Kong	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 Comercial E Turistico "S. Paulo", No. 2 Largo da Companhia de Jesus, Macau
Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange

DEFINITIONS – Continued

Mainland China	People’s Republic of China
Model Code	The Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
MOP	Macau Patacas
Net Ordinary Operating Profit/(Loss)	Profit/(Loss) attributable to owners of the Company before taking into account any net fair value gain/loss of the investment properties
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
Year	Year ended 31 December 2023

ANNUAL GENERAL MEETING AND ANNUAL REPORT

The 2024 AGM of the Company will be held on Thursday, 6 June 2024. The notice of 2024 AGM together with the Company’s 2023 annual report and all other relevant documents (the “Documents”) will be despatched to the Shareholders on or about 29 April 2024. The Documents and this announcement shall also be published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and on the website of the Company at www.fb.com.hk.

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

On behalf of the Board
Chan Chak Mo
Managing Director

Hong Kong, 26 March 2024