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## **Future Bright Holdings Limited**

**佳景集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 703)**

### **LOSS ALERT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022 AND BUSINESS UPDATE OF THE GROUP FOR THE THIRD QUARTER OF 2022**

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

The board (“**Board**”) of directors of Future Bright Holdings Limited (“**Company**” and together with its subsidiaries called “**Group**”) wishes to inform the shareholders of the Company and potential investors of a loss alert for the nine months ended 30 September 2022 (“**Period**”). Based on its unaudited management accounts, the Group has recorded an unaudited loss attributable to owners of the Company of some HK\$10.3 million for the third quarter of 2022 (“**Third Quarter**”) as compared to an unaudited loss attributable to owners of the Company of some HK\$16.8 million for the third quarter of 2021. The Group has also recorded an unaudited loss attributable to owners of the Company of some HK\$115.0 million for the Period as compared to an unaudited loss attributable to owners of the Company of some HK\$63.7 million for the same period of 2021.

**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).

## LOSS ALERT FOR THE PERIOD

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

	<b>2022</b> <i>HK\$'million</i> (Unaudited)	2021 <i>HK\$'million</i> (Unaudited)	Change %
<b>LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
First quarter	<b>(34.9)</b>	(29.4)	+18.7%
Second quarter	<b>(69.8)</b>	(17.5)	+298.9%
Third quarter	<b>(10.3)</b>	(16.8)	-38.7%
<b>The Period</b>	<b>(115.0)</b>	(63.7)	+80.5%

In the Period, the Group has sustained a substantial drop of some 42.1% in its turnover due to the serious outbreak of Omicron variant of COVID-19 pandemic since early 2022 and closure of its restaurants, where its unaudited loss attributable to owners of the Company was some HK\$115.0 million for the Period which has been mainly attributable to (i) a loss of some HK\$101.7 million from its food and catering business, and (ii) a loss of some HK\$7.8 million from food souvenir business.

## 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		
	2022 <i>HK\$'million</i> (Unaudited)	2021 <i>HK\$'million</i> (Unaudited)	Change %
<b>TURNOVER</b>			
Restaurants:			
Japanese restaurants	7.3	29.5	-75.3%
Chinese restaurants	3.4	16.3	-79.1%
Western and other restaurants ( <i>note 1</i> )	4.4	14.4	-69.4%
Food court counters	8.3	18.6	-55.4%
Franchise restaurants ( <i>note 2</i> )	12.9	17.8	-27.5%
	<u>36.3</u>	<u>96.6</u>	-62.4%
Industrial catering	3.5	0.9	+288.9%
Food wholesale	2.8	3.4	-17.6%
	<u>42.6</u>	<u>100.9</u>	-57.8%
<b>Food and catering business</b>	<b>42.6</b>	<b>100.9</b>	<b>-57.8%</b>
<b>Food souvenir business</b>	<b>27.0</b>	<b>22.6</b>	<b>+19.5%</b>
<b>Property investment business</b>	<b>4.9</b>	<b>5.0</b>	<b>-2.0%</b>
	<u>74.5</u>	<u>128.5</u>	-42.0%
<b>Total</b>	<b>74.5</b>	<b>128.5</b>	<b>-42.0%</b>

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

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

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

	<b>For the three months ended 30 September</b>		
	<b>2022</b>	2021	Change
	<i>HK\$'million</i>	<i>HK\$'million</i>	%
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	
<b>TURNOVER</b>			
Macau	<b>48.3</b>	81.0	-40.4%
Mainland China	<b>5.7</b>	13.8	-58.7%
Hong Kong	<b>20.5</b>	32.7	-37.3%
Taiwan	<b>-</b>	1.0	-100.0%
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<b>Total</b>	<b>74.5</b>	128.5	-42.0%
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A summary of the Group's unaudited operational financials for the Third Quarter is as follows:

	<b>For the three months ended 30 September</b>		
	<b>2022</b>	2021	Change
	<i>HK\$'million</i>	<i>HK\$'million</i>	%
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	
Turnover	<b>74.5</b>	128.5	-42.0%
Cost of sales	<b>(25.2)</b>	(43.2)	-41.7%
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Gross margin	<b>49.3</b>	85.3	-42.2%
Direct operating expenses	<b>(46.8)</b>	(77.9)	-39.9%
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Gross operating profit	<b>2.5</b>	7.4	-66.2%
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<b>Gross operating profit margin (%)</b>	<b>3.4%</b>	5.8%	-2.4%

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		
	2022 <i>HK\$'million</i> (Unaudited)	2021 <i>HK\$'million</i> (Unaudited)	Change %
<b>SAME STORE TURNOVER</b>			
Restaurants:			
Japanese restaurants	7.3	23.8	-69.3%
Chinese restaurants	3.4	7.1	-52.1%
Western and other restaurants	4.4	9.7	-54.6%
Food court counters	8.3	16.9	-50.9%
Franchise restaurants	12.9	15.6	-17.3%
	<u>36.3</u>	<u>73.1</u>	-50.3%
Industrial catering	3.5	0.9	+288.9%
Restaurants and industrial catering business	39.8	74.0	-46.2%
Food souvenir business	27.0	22.3	+21.1%
<b>Total</b>	<u><b>66.8</b></u>	<u><b>96.3</b></u>	-30.6%

Note 3: Same store performance is compared on the basis of those restaurants/shops/outlets which were in place in the same periods of 2022 and 2021 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		
	2022 <i>HK\$'million</i> (Unaudited)	2021 <i>HK\$'million</i> (Unaudited)	Change %
<b>(LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
Food and catering business	(13.8)	(15.6)	-11.5%
Food souvenir business	2.3	(2.2)	N/A
Property investment business	2.2	2.5	-12.0%
Other revenue, corporate payroll and unallocated expenses	(1.0)	(1.5)	-33.3%
<b>Total</b>	<u><b>(10.3)</b></u>	<u><b>(16.8)</b></u>	-38.7%

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

	<b>For the three months ended 30 September</b>		
	<b>2022</b>	2021	Change
	<b><i>HK\$'million</i></b> <b>(Unaudited)</b>	<i>HK\$'million</i> (Unaudited)	%
<b>(LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
Macau	<b>(0.9)</b>	(14.8)	-93.9%
Mainland China	<b>(8.2)</b>	(1.8)	+355.6%
Hong Kong	<b>(1.0)</b>	0.4	N/A
Taiwan	<b>(0.2)</b>	(0.6)	-66.7%
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<b>Total</b>	<b>(10.3)</b>	(16.8)	-38.7%
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The Group has also recorded the following unaudited revenue/expenses in the Third Quarter as follows:

	<b>For the three months ended 30 September</b>		
	<b>2022</b>	2021	Change
	<b><i>HK\$'million</i></b> <b>(Unaudited)</b>	<i>HK\$'million</i> (Unaudited)	%
Other revenue, gains and losses:			
– Loss on written off of/impairment loss on property, plant and equipment	<b>(1.8)</b>	(1.9)	-5.3%
– Gain on lease modification	<b>7.6</b>	0.4	+1,800.0%
– Others ( <i>note 4</i> )	<b>3.5</b>	2.5	+40.0%
Administrative expenses	<b>(16.8)</b>	(23.5)	-28.5%
Finance costs	<b>(3.9)</b>	(4.2)	-7.1%

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

The unaudited gross operating (loss)/profit (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 2022 and 2021 were as follows:

	<b>2022</b> <b>(Unaudited)</b>	2021 (Unaudited)	Change %
Gross operating (loss)/profit margin of food and catering business:			
First quarter	<b>(25.8)%</b>	(8.9)%	-16.9%
Second quarter	<b>(22.7)%</b>	3.0%	N/A
Third quarter	<b>(15.3)%</b>	3.8%	N/A
<b>The Period</b>	<b>(22.0)%</b>	(0.5)%	-21.5%
Gross operating (loss)/profit margin of food souvenir business:			
First quarter	<b>(52.8)%</b>	(37.3)%	-15.5%
Second quarter	<b>(258.8)%</b>	(18.7)%	-240.1%
Third quarter	<b>15.9%</b>	(4.9)%	N/A
<b>The Period</b>	<b>(6.2)%</b>	(13.7)%	+7.5%

The Group's business in the Third Quarter still continued to be adversely affected under the COVID-19 pandemic. With the COVID-19 pandemic under control and relaxation of social distancing measures in Hong Kong, the performance of our restaurants in Hong Kong has improved slightly as compared to the first and second quarters. However, the performance of the Group's restaurants in Macau was adversely affected as the Macau Government announced the closure of a range of government, public and social facilities and restrictions on restaurant dining from 11 July 2022 to 2 August 2022 and tightened travel and border controls. The Group's industrial catering business improved due to stable business from student canteen services and lunch boxes. The Group's food souvenir business also improved due to increase in wholesale business of OEM products. The Group has in the Third Quarter recorded a gross margin ratio of some 66.2% with an EBITDA at some HK\$10.7 million as against a gross margin ratio of some 66.4% with an EBITDA at some HK\$11.2 million for the same quarter of 2021.

The performance details of different restaurants in different food types in the Third Quarter are set out above. As compared to the performance of the Group in the same quarter of 2021, the turnover decrease of the Group in the Third Quarter has been due to the continuing negative impact of the COVID-19 pandemic especially with the outbreak of the Omicron variant and business closure in Macau. The Group's food and catering business in Macau in the Third Quarter has performed in line with the decreased level of visitor flow to Macau, where the level of visitor's inflow to Macau has decreased by 50.81% to 898,998 visitors in the Third Quarter, as compared to 1,827,699 visitors in the same quarter of 2021.

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

	For the nine months ended 30 September		
	2022 HK\$'million (Unaudited)	2021 HK\$'million (Unaudited)	Change %
<b>TURNOVER</b>			
Restaurants:			
Japanese restaurants	45.5	92.1	-50.6%
Chinese restaurants	18.6	54.9	-66.1%
Western and other restaurants ( <i>note 1</i> )	15.1	40.6	-62.8%
Food court counters	26.3	48.8	-46.1%
Franchise restaurants ( <i>note 2</i> )	35.7	52.1	-31.5%
	<u>141.2</u>	<u>288.5</u>	-51.1%
Industrial catering	12.2	9.7	+25.8%
Food wholesale	9.2	11.9	-22.7%
	<u>162.6</u>	<u>310.1</u>	-47.6%
<b>Food and catering business</b>	<b>162.6</b>	<b>310.1</b>	<b>-47.6%</b>
<b>Food souvenir business</b>	<b>32.3</b>	<b>37.3</b>	<b>-13.4%</b>
<b>Property investment business</b>	<b>14.9</b>	<b>15.0</b>	<b>-0.7%</b>
	<u>209.8</u>	<u>362.4</u>	-42.1%
<b>Total</b>	<b>209.8</b>	<b>362.4</b>	<b>-42.1%</b>

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

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

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

	For the nine months ended 30 September		
	2022 HK\$'million (Unaudited)	2021 HK\$'million (Unaudited)	Change %
<b>TURNOVER</b>			
Macau	138.7	234.6	-40.9%
Mainland China	21.1	41.6	-49.3%
Hong Kong	49.7	81.0	-38.6%
Taiwan	0.3	5.2	-94.2%
	<u>209.8</u>	<u>362.4</u>	-42.1%
<b>Total</b>	<b>209.8</b>	<b>362.4</b>	<b>-42.1%</b>

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

	<b>For the nine months ended 30 September</b>		
	<b>2022</b>	2021	Change
	<i>HK\$'million</i>	<i>HK\$'million</i>	%
	<b>(Unaudited)</b>	(Unaudited)	
Turnover	<b>209.8</b>	362.4	-42.1%
Cost of sales	<b>(67.9)</b>	(114.1)	-40.5%
Gross margin	<b>141.9</b>	248.3	-42.9%
Direct operating expenses	<b>(165.4)</b>	(240.7)	-31.2%
Gross operating (loss)/profit	<b>(23.5)</b>	7.6	N/A
Gross operating (loss)/profit margin (%)	<b>(11.2)%</b>	2.1%	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:

	<b>For the nine months ended 30 September</b>		
	<b>2022</b>	2021	Change
	<i>HK\$'million</i>	<i>HK\$'million</i>	%
	<b>(Unaudited)</b>	(Unaudited)	
<b>SAME STORE TURNOVER</b>			
Restaurants:			
Japanese restaurants	<b>39.2</b>	76.9	-49.0%
Chinese restaurants	<b>14.5</b>	22.0	-34.1%
Western and other restaurants	<b>13.8</b>	26.2	-47.3%
Food court counters	<b>23.9</b>	42.9	-44.3%
Franchise restaurants	<b>34.5</b>	42.1	-18.1%
Industrial catering	<b>125.9</b>	210.1	-40.1%
	<b>12.2</b>	4.4	+177.3%
Restaurants and industrial catering business	<b>138.1</b>	214.5	-35.6%
Food souvenir business	<b>31.7</b>	35.7	-11.2%
<b>Total</b>	<b>169.8</b>	250.2	-32.1%

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

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

	<b>For the nine months ended 30 September</b>		
	<b>2022</b>	2021	Change
	<i>HK\$'million</i> (Unaudited)	<i>HK\$'million</i> (Unaudited)	%
<b>(LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
Food and catering business	(101.7)	(55.7)	+82.6%
Food souvenir business	(7.8)	(7.2)	+8.3%
Property investment business	(1.9)	5.4	N/A
Other revenue, corporate payroll and unallocated expenses	(3.6)	(6.2)	-41.9%
<b>Total</b>	<b>(115.0)</b>	<b>(63.7)</b>	<b>+80.5%</b>

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

	<b>For the nine months ended 30 September</b>		
	<b>2022</b>	2021	Change
	<i>HK\$'million</i> (Unaudited)	<i>HK\$'million</i> (Unaudited)	%
<b>(LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
Macau	(76.8)	(52.0)	+47.7%
Mainland China	(25.2)	(3.2)	+687.5%
Hong Kong	(11.4)	(9.1)	+25.3%
Taiwan	(1.6)	0.6	N/A
<b>Total</b>	<b>(115.0)</b>	<b>(63.7)</b>	<b>+80.5%</b>

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

	<b>For the nine months ended 30 September</b>		
	<b>2022</b>	2021	Change
	<i>HK\$'million</i>	<i>HK\$'million</i>	%
	<b>(Unaudited)</b>	(Unaudited)	
Other revenue, gains and losses:			
– Loss on written off of/impairment loss on property, plant and equipment	<b>(10.3)</b>	(11.4)	–9.6%
– Net fair value loss of the Key Investment Property	<b>(8.8)</b>	–	–
– Impairment loss on goodwill	<b>(25.8)</b>	–	–
– Impairment loss on other intangible assets	<b>(5.0)</b>	–	–
– Gain on lease modification	<b>12.4</b>	1.4	+785.7%
– Rent concessions	<b>6.9</b>	12.4	–44.4%
– Others ( <i>note 4</i> )	<b>4.1</b>	14.8	–72.3%
Administrative expenses	<b>(56.7)</b>	(76.0)	–25.4%
Finance costs	<b>(11.3)</b>	(14.5)	–22.1%

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

## **BUSINESS UPDATE**

The Group has also recorded for the Period a gross margin ratio of some 67.6% with a negative EBITDA at some HK\$50.2 million as against a gross margin ratio of some 68.5% with an EBITDA at some HK\$28.9 million for the same period of 2021.

The loss attributable to owners of the Company excluding any net fair value gain/loss of the investment properties (“**Net Ordinary Operating Loss**”) for the Period was HK\$106.2 million, as against a Net Ordinary Operating Loss of some HK\$63.7 million for the same period of 2021. Such loss has been largely due to the reasons as stated above.

In the Period, the Group’s food and catering business in Macau has performed much in line with the decreased level of visitor flow, where a total of 4,364,105 visitors to Macau have been recorded with an decrease of 24.18%, as compared to 5,755,528 visitors in the same period of 2021.

With the outbreak of the Omicron variant of the COVID-19 pandemic, travel and quarantine restrictions and related social distancing measures imposed by governments led to a substantial drop of inflow of visitors, have negatively impacted the retail and restaurants businesses and the Group’s performance in the Period. During the Period, the Group closed down 6 restaurants, 10 food court counters and 1 food souvenir shop, all due to their poor performance. Management continues to closely monitor the operating environment, adopt various costs control measures and negotiating with the relevant landlords for rent concessions, and may consider to further close underperforming restaurants in the future.

With the introduction of the simplified “0+3” quarantine arrangement for inbound visitors to Hong Kong and resumption of major international events such as the Hong Kong Sevens, it is hoped that the retail and tourism in Hong Kong will steadily recover and hence improvement of the restaurants business including the Group’s business in the future.

There are still many uncertainties regarding the COVID-19 pandemic and operating prospects of the Group. Management expects that the operating environment will still be challenging in the remaining 2022 and will continue to be financially cautious to alleviate and mitigate any negative impact in this uncertain economic environment. Management will also pay close attention to the operations of the Group and take various measures to continuously explore and improve the brand value and market position of the Group in the changing market environment.

**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, 18 November 2022

*As at the date hereof, the members of the board of directors of the Company comprise (i) Mr. Chan Chak Mo, the managing Director, (ii) Mr. Chan See Kit, Johnny, the Chairman and executive Director, (iii) Ms. Leong In Ian, the executive Director and (iv) Mr. Cheung Hon Kit, Mr. Yu Kam Yuen, Lincoln and Mr. Chan Pak Cheong Afonso, the independent non-executive Directors.*