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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)

PROFIT/LOSS ALERT AND BUSINESS UPDATE OF THE GROUP FOR THE FOURTH QUARTER OF 2016

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 of directors of the Company (“Board”) wishes to inform the shareholders of the Company and potential investors that based on its unaudited management information currently available, the Group has recorded an unaudited loss attributable to owners of some HK\$0.7 million for the fourth quarter (“Fourth Quarter”) of 2016, as compared to an unaudited loss attributable to owners of some HK\$16.1 million for the fourth quarter of 2015. The Group has recorded an unaudited profit of some HK\$1.7 million for the year ended 31 December 2016 (“Year”) as compared to an audited loss of some HK\$50.5 million for the year of 2015. **However, the Group has still recorded an overall unaudited loss attributable to owners of some HK\$1.5 million for the Year as compared to an audited loss attributable to owners of some HK\$45.9 million for the year of 2015.**

The Board is also to give a profit/loss alert and an update on the business performance of the Group for the Fourth Quarter.

The Board wishes to remind investors that the information and operational data for the Fourth Quarter and the Year contained in this announcement are based on the unaudited management accounts of the Group which have not been confirmed or audited by the Company’s auditors, and as such, the data is for investors’ reference only.

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

* For identification purpose only

This announcement is made by Future Bright Holdings Limited (“Company”) together with its subsidiaries (“Group”) 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).

PROFIT/LOSS ALERT

The Board wishes to inform the shareholders of the Company and potential investors of a profit/loss alert that based on its unaudited management information currently available, the Group’s performance for the Year was better with a substantial reduction in losses, as compared to those of the year of 2015. **The Group has recorded an overall unaudited profit of some HK\$1.7 million for the Year as compared to an audited loss of some HK\$50.5 million for the year of 2015. The Group has recorded an unaudited loss attributable to owners of some HK\$15.7 million for the first half of 2016 and an unaudited profit attributable to owners of some HK\$14.2 million for the second half of 2016, with an overall unaudited loss attributable to owners of the Group at some HK\$1.5 million for the Year, as compared to the audited loss attributable to owners of the Group of some HK\$45.9 million for the year ended 31 December 2015.** Such unaudited loss of HK\$1.5 million attributable to owners of the Group for the Year has been mainly incurred in the first half of 2016 and has been mainly due to (i) the loss attributable to the Group’s food souvenir business and (ii) the then soft performance in the Group’s restaurants. In September 2016, the Group has recorded a one-off net gain of HK\$13.5 million (“Special Compensation”) arising from the compensation paid by the then tenant for its early termination of the tenancy for the Group’s leased property in Macau (“Leased Property”) comprising whole of the ground floor to third floor, basement level 2, and portion of basement level 1 & 3 of the 6-storey commercial building at Centro Commercial E Turistico “S. Paulo”, Largo da Companhia de Jesus N2. As at 31 December 2016, the Leased Property and the Group’s land at Hengqin Island (“Hengqin Land”) have been valued by an independent professional valuer at some HK\$513.0 million (31 December 2015: HK\$524.0 million) and HK\$267.4 million (equivalent to RMB239.8 million) (31 December 2015: HK\$272.5 million (equivalent to RMB233.1 million)) respectively. In the Year, the Group has recorded a net fair value loss of some HK\$9.7 million in respect of the Leased Property, but also due to the slight appreciation of Hong Kong dollar against Renminbi in 2016, recorded a net fair value gain of HK\$2.2 million in respect of its Hengqin Land.

Also for the Year in respect of the exchange differences on translating foreign operations which relate mainly to the Group’s subsidiary companies in Mainland China, the Group has recorded an unaudited other comprehensive loss of some HK\$0.4 million for the first half of 2016 and an unaudited other comprehensive loss of some HK\$14.5 million for the second half of 2016, resulting in an overall unaudited other comprehensive loss of some HK\$14.9 million of the Group for the Year.

Below are the unaudited losses and gains that have material impact on the Group's performance for the Year:

	For the year ended 31 December		
	2016	2015	Change
	<i>HK\$'million</i>	<i>HK\$'million</i>	%
	(Unaudited)	(Unaudited)	
Net loss attributable to owners of the Group's food souvenir business	(20.5)	(51.5)	-60.2%
Net loss attributable to owners of the Group's restaurants and closed food court at Huafa Mall excluding the renovation impairment losses	(16.2)	(30.2)	-46.4%
Impairment loss on property, plant and equipment	(1.8)	(26.8)	-93.3%
Net fair value (losses)/gains of the Group's investment properties	(9.7)	0.9	N/A
Net fair value gain of Hengqin Land	2.2	11.2	-80.4%

OPERATIONAL FINANCIALS

The Board is to give an update on the Group's performance for the Fourth Quarter. Based on the Group's unaudited management accounts 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		
	2016 <i>HK\$'million</i> (Unaudited)	2015 <i>HK\$'million</i> (Unaudited)	Change %
TURNOVER			
Restaurants:			
Japanese restaurants	71.0	75.8	-6.3%
Chinese restaurants	49.3	44.9	+9.8%
Western and other restaurants (<i>note 1</i>)	25.3	18.8	+34.6%
Food court counters	18.5	13.9	+33.1%
Franchise restaurants (<i>note 2</i>)	34.1	12.0	+184.2%
	<u>198.2</u>	<u>165.4</u>	+19.8%
Industrial catering	14.9	15.5	-3.9%
Food wholesale	16.0	8.2	+95.1%
	<u>229.1</u>	<u>189.1</u>	+21.2%
Food and catering business	229.1	189.1	+21.2%
Food souvenir business	11.4	13.4	-14.9%
Property investment business	-	7.6	-100.0%
	<u>-</u>	<u>7.6</u>	
Total	240.5	210.1	+14.5%

Note 1: The turnover relating to "Western and other restaurants" item included turnover from the Group's Western restaurants, Food Paradise at Macau International Airport, two sandwich bars and Royal Thai Kitchen Restaurant.

Note 2: The turnover relating to "Franchise restaurants" item included turnover from the Group's restaurants/shops of Pacific Coffee, Pepper Lunch, Bari-Uma ramen, Mad for Garlic and Bistro Seoul.

OPERATIONAL FINANCIALS – Continued

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

	For the three months ended 31 December		
	2016 <i>HK\$'million</i> (Unaudited)	2015 <i>HK\$'million</i> (Unaudited)	Change %
Turnover	240.5	210.1	+14.5%
Cost of sales	(78.6)	(62.5)	+25.8%
Gross margin	161.9	147.6	+9.7%
Direct operating expenses	(125.1)	(108.7)	+15.1%
Gross operating profit	36.8	38.9	-5.4%
Gross operating profit margin (%)	15.3%	18.5%	-3.2%
Loss attributable to owners	(0.7)	(16.1)	-95.7%

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 Fourth Quarter are as follows:

	For the three months ended 31 December		
	2016 <i>HK\$'million</i> (Unaudited)	2015 <i>HK\$'million</i> (Unaudited)	Change %
TURNOVER			
Restaurants:			
Japanese restaurants	66.2	74.3	-10.9%
Chinese restaurants	49.3	44.9	+9.8%
Western and other restaurants	18.9	18.8	+0.5%
Food court counters	11.7	13.2	-11.4%
Franchise restaurants	12.7	12.0	+5.8%
	158.8	163.2	-2.7%
Industrial catering	14.9	15.5	-3.9%
	173.7	178.7	-2.8%
Food souvenir business	14.4	17.2	-16.3%
Total	188.1	195.9	-4.0%

Note 3: Same store performance is compared on the basis of those restaurants/shops/outlets which were in place in the same period of 2016 and 2015 only.

OPERATIONAL FINANCIALS – Continued

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

	For the three months ended 31 December		
	2016 <i>HK\$'million</i> (Unaudited)	2015 <i>HK\$'million</i> (Unaudited)	Change %
Other revenue, gains and losses:			
– Net fair value (losses)/gains from the Group's investment properties and Hengqin Land	(5.8)	(10.2)	–43.1%
– Impairment loss on property, plant and equipment	(0.1)	(18.6)	–99.5%
– Others (<i>note 4</i>)	0.8	7.0	–88.6%
Administrative expenses	(40.2)	(36.1)	+11.4%
Finance costs	(1.9)	(1.7)	+11.8%

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

Details of the Group's unaudited turnover breakdown for the first quarter ("First Quarter"), second quarter ("Second Quarter"), third quarter ("Third Quarter") and Fourth Quarter of 2016 are as follows:

	Fourth Quarter <i>HK\$'million</i> (Unaudited)	Third Quarter <i>HK\$'million</i> (Unaudited)	Second Quarter <i>HK\$'million</i> (Unaudited)	First Quarter <i>HK\$'million</i> (Unaudited)
TURNOVER				
Restaurants:				
Japanese restaurants	71.0	64.5	62.1	68.6
Chinese restaurants	49.3	46.5	42.8	46.7
Western and other restaurants	25.3	22.6	18.4	19.3
Food court counters	18.5	16.6	10.9	13.1
Franchise restaurants	34.1	27.2	16.4	11.9
	198.2	177.4	150.6	159.6
Industrial catering	14.9	9.2	9.2	12.0
Food wholesale	16.0	12.3	13.0	9.2
Food and catering business	229.1	198.9	172.8	180.8
Food souvenir business	11.4	15.9	10.9	12.3
Property investment business	–	7.0	7.3	6.8
Total	240.5	221.8	191.0	199.9

OPERATIONAL FINANCIALS – Continued

Details of the Group's unaudited operational financials for the First, Second, Third and Fourth Quarters of 2016 are as follows:

	Fourth Quarter <i>HK\$'million</i> (Unaudited)	Third Quarter <i>HK\$'million</i> (Unaudited)	Second Quarter <i>HK\$'million</i> (Unaudited)	First Quarter <i>HK\$'million</i> (Unaudited)
Turnover	240.5	221.8	191.0	199.9
Cost of sales	<u>(78.6)</u>	<u>(65.8)</u>	<u>(62.9)</u>	<u>(59.5)</u>
Gross margin	161.9	156.0	128.1	140.4
Direct operating expenses	<u>(125.1)</u>	<u>(115.6)</u>	<u>(105.2)</u>	<u>(104.0)</u>
Gross operating profit	<u>36.8</u>	<u>40.4</u>	<u>22.9</u>	<u>36.4</u>
Gross operating profit margin (%)	15.3%	18.2%	12.0%	18.2%
Profit/(Loss) attributable to owners	(0.7)	14.9	(19.6)	3.9

Details of the Group's unaudited **same store performance** (note 3) of restaurants, industrial catering business and food souvenir business in term of turnover for the First, Second, Third and Fourth Quarters of 2016 are as follows:

	Fourth Quarter <i>HK\$'million</i> (Unaudited)	Third Quarter <i>HK\$'million</i> (Unaudited)	Second Quarter <i>HK\$'million</i> (Unaudited)	First Quarter <i>HK\$'million</i> (Unaudited)
TURNOVER				
Restaurants:				
Japanese restaurants	66.2	63.4	62.1	66.6
Chinese restaurants	49.3	46.5	42.8	46.7
Western and other restaurants	18.9	19.4	17.9	18.6
Food court counters	11.7	14.9	10.9	13.1
Franchise restaurants	<u>12.7</u>	<u>11.8</u>	<u>8.1</u>	<u>7.3</u>
	158.8	156.0	141.8	152.3
Industrial catering	<u>14.9</u>	<u>9.2</u>	<u>9.2</u>	<u>12.0</u>
	173.7	165.2	151.0	164.3
Food souvenir business	<u>14.4</u>	<u>14.4</u>	<u>10.1</u>	<u>9.4</u>
Total	<u>188.1</u>	<u>179.6</u>	<u>161.1</u>	<u>173.7</u>

Note 3: Same store performance is compared on the basis of those restaurants/shops/outlets which were in place in the same period of 2016 and 2015 only.

OPERATIONAL FINANCIALS – *Continued*

Details of the Group's unaudited revenues/expenses for the First, Second, Third and Fourth Quarters of 2016 are as follows:

	Fourth Quarter <i>HK\$'million</i> (Unaudited)	Third Quarter <i>HK\$'million</i> (Unaudited)	Second Quarter <i>HK\$'million</i> (Unaudited)	First Quarter <i>HK\$'million</i> (Unaudited)
Other revenue, gains and losses:				
– Special Compensation	–	13.5	–	–
– Net fair value losses from the Group's investment properties and Hengqin Land	(5.8)	–	(1.7)	–
– Impairment loss on property, plant and equipment	(0.1)	–	(1.7)	–
– Others (<i>note 4</i>)	1.3	4.1	1.1	5.3
Administrative expenses	(40.2)	(35.0)	(35.5)	(32.6)
Finance costs	(1.9)	(1.7)	(1.8)	(1.9)

Note 4: This item comprised of mainly interest income, management fee income and exchange gains.

The Group enjoyed an increase of 14.5% in its turnover in the Fourth Quarter, as compared to the same quarter in 2015. This improved performance has been attributable to the opening of new franchise restaurants in the first three quarters of 2016 including the opening of new restaurants and food court counters at The Parisian Macao. The Group's performance has been much in line with the slightly increased level of visitors to Macau and the improved performance of the Macau Gross Gaming Revenue in the Fourth Quarter, during which a total of 8.082 million visitors to Macau were recorded with an increase of 2.81% amounting to an increase of 220,887 visitors, compared to those of the number of visitors to Macau in the fourth quarter of 2015. The Macau Gross Gaming Revenue has improved by 10.15% in the Fourth Quarter, as compared to the fourth quarter of 2015. The Group's mass market restaurants have been able to benefit from such improved performance of Macau Gross Gaming Revenue in the Fourth Quarter, although it has not led to benefit the Group's high end restaurants much to mark a turnaround.

OPERATIONAL FINANCIALS – Continued

The unaudited gross operating profit margins (being turnover less food costs and direct operating costs) of **the Group’s food and catering business and food souvenir business** for the first, second, third and fourth quarters of 2016 and 2015 were as follows:

	2016 (Unaudited)	2015 (Unaudited)	Change %
Gross operating profit margin of food and catering business:			
First quarter	+20.2%	+20.9%	-0.7%
Second quarter	+12.6%	+17.9%	-5.3%
Third quarter	+18.8%	+16.8%	+2.0%
Fourth quarter	+18.0%	+20.5%	-2.5%
The Year	+17.5%	+19.1%	-1.6%
Gross operating profit margin of food souvenir business:			
First quarter	-49.5%	-132.4%	+82.9%
Second quarter	-56.0%	-145.6%	+89.6%
Third quarter	-17.0%	-36.0%	+19.0%
Fourth quarter	-36.0%	-54.5%	+18.5%
The Year	-37.6%	-75.2%	+37.6%

Based on the Group’s unaudited management accounts for the Year, a summary of the Group’s unaudited operational financials for the Year is as follows:

	For the year ended 31 December		
	2016 <i>HK\$’million</i> (Unaudited)	2015 <i>HK\$’million</i> (Audited)	Change %
Turnover	853.2	824.2	+3.5%
Cost of sales	(266.8)	(246.8)	+8.1%
Gross margin	586.4	577.4	+1.6%
Direct operating expenses	(449.9)	(440.0)	+2.3%
Gross operating profit	136.5	137.4	-0.7%
Gross operating profit margin (%)	16.0%	16.7%	-0.7%
Loss attributable to owners	(1.5)	(45.9)	-96.7%

OPERATIONAL FINANCIALS – Continued

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

	For the year ended 31 December		
	2016 <i>HK\$’million</i> (Unaudited)	2015 <i>HK\$’million</i> (Unaudited)	Change %
TURNOVER			
Japanese restaurants	266.2	300.2	–11.3%
Chinese restaurants	185.3	180.2	+2.8%
Western and other restaurants (<i>note 1</i>)	85.6	80.6	+6.2%
Food court counters	59.1	64.4	–8.2%
Franchise restaurants (<i>note 2</i>)	89.6	37.9	+136.4%
	685.8	663.3	+3.4%
Industrial catering	45.3	48.3	–6.2%
Food wholesale	50.5	36.4	+38.7%
	781.6	748.0	+4.5%
Food and catering business	781.6	748.0	+4.5%
Food souvenir business	50.5	45.9	+10.0%
Property investment business	21.1	30.3	–30.4%
Total	853.2	824.2	+3.5%

Note 1: The turnover relating to “Western and other restaurants” item included turnover from the Group’s Western restaurants, Food Paradise at Macau International Airport, two sandwich bars and Royal Thai Kitchen Restaurant.

Note 2: The turnover relating to “Franchise restaurants” item included turnover from the Group’s restaurants/shops of Pacific Coffee, Bari-Uma ramen, Pepper Lunch, Mad for Garlic and Bistro Seoul.

OPERATIONAL FINANCIALS – Continued

The Group has also recorded the following unaudited revenues/expenses for the Year as follows:

	For the year ended 31 December		
	2016 HK\$'million (Unaudited)	2015 HK\$'million (Audited)	Change %
Other revenue, gains and losses:			
– Special Compensation	13.5	–	N/A
– Net fair value (losses)/gains from the Group's investment properties and Hengqin Land	(7.5)	12.1	N/A
– Impairment loss on property, plant and equipment	(1.8)	(61.7)	–97.1%
– Others (note 4)	11.8	21.7	–45.6%
Administrative expenses	(143.3)	(146.1)	–1.9%
Finance costs	(7.3)	(9.4)	–22.3%

Note 4: This item comprised of mainly interest income, management fee income and exchange gains.

Details of the Group's **same store performance** (note 3) in term of turnover for the Year of restaurants, industrial catering business and food souvenir business are as follows:

	For the year ended 31 December		
	2016 HK\$'million (Unaudited)	2015 HK\$'million (Unaudited)	Change %
TURNOVER			
Restaurants:			
Japanese restaurants	260.2	293.7	–11.4%
Chinese restaurants	185.1	174.6	+6.0%
Western and other restaurants	76.0	80.6	–5.7%
Food court counters	50.6	55.9	–9.5%
Franchise restaurants	47.1	38.0	+23.9%
	619.0	642.8	–3.7%
Industrial catering	45.3	48.3	–6.2%
	664.3	691.1	–3.9%
Food souvenir business	40.4	37.8	+6.9%
Total	704.7	728.9	–3.3%

Note 3: Same store performance is compared on the basis of those restaurants/shops/outlets which were in place in the same period of 2016 and 2015 only.

OPERATIONAL FINANCIALS – *Continued*

Based on the Group's unaudited management accounts for the Year, the Group's unaudited operational financials of all its business (**excluding the Yeng Kee food souvenir business, the three restaurants and the closed food court at Huafa Mall and any net fair value gain/ (loss) from investment properties of the Group, but including the Special Compensation**) for the Year would be as follows:

	For the year ended 31 December		
	2016 <i>HK\$'million</i> (Unaudited)	2015 <i>HK\$'million</i> (Unaudited)	Change %
Turnover	735.3	705.3	+4.3%
Cost of sales	<u>(227.7)</u>	<u>(196.1)</u>	+16.1%
Gross margin	507.6	509.2	-0.3%
Direct operating expenses	<u>(351.7)</u>	<u>(317.1)</u>	+10.9%
Gross operating profit	<u>155.9</u>	<u>192.1</u>	-18.8%
Gross operating profit margin (%)	21.2%	27.2%	-6.0%
Profit attributable to owners	42.7	63.0	-32.2%

BUSINESS UPDATE

The year of 2016 was a year of improvement for the Group's performance with a substantial reduction of its losses, as compared to the year of 2015. The Group has sustained an unaudited loss attributable to owners of some HK\$15.7 million for the first half of 2016, but has achieved an unaudited profit attributable to owners of some HK\$14.2 million for the second half of 2016. The operating environment of the Group in the Year was tough and challenging in the first half of 2016, and improved in the second half of 2016 with steady increases in visitor inflow and Macau Gross Gaming revenue. All these have positively impacted the Group's business in the second half of 2016, as compared to the second half of 2015. A total of 16.186 million visitors to Macau were recorded in the second half of 2016, as against 15.958 million visitors to Macau in the second half of 2015, representing a slight marginal increase of 1.42%. The Macau Gross Gaming Revenue has improved by 5.66% in the second half of 2016, as compared to the second half of 2015.

Management has in the Year opened new restaurants in Macau, Hong Kong and Guangdong: (i) three restaurants in Sam's Club, Zhuhai, (ii) two franchise Japanese ramen restaurants under the brand name of "Bari-Uma" in Hong Kong and in Macau, (iii) two franchise restaurants under the brand names of "Mad for Garlic" and "Bistro Seoul" in Hong Kong, (iv) three restaurants, two food court counters and a franchise food court counter under the brand name of "Pepper Lunch" at the new casino shopping mall of The Parisian Macao, Cotai, and (v) a franchise coffee shop under the brand name of "Pacific Coffee" in Macau. And the Group will open a Japanese restaurant "Edo" at Sheraton Zhuhai Hotel in early 2017. Management is now looking for three restaurant spaces at the shopping malls in Hong Kong for its franchised restaurants. Management is also exploring the viability of cautiously expanding its franchise restaurants – "Bari-Uma" and "Mad for Garlic" in Taiwan to diversify its income base. Management has closed down one restaurant and two food souvenir shops during the Year. Management has taken steps to reduce its operations costs including to seek rental reduction from the landlords of its rented restaurants and shops. Management has recently secured from the Group's substantial shareholder – Mr Chan Chak Mo, a monthly rental reduction from HK\$460,000 to HK\$300,000 for 9 months with effect from 1 January 2017 in respect of the shop premises which he has rented to the Group for its Yeng Kee business.

Management is at present actively looking for a tenant for the Leased Property. And the construction of the Group's central kitchen and logistics centre in Macau is at its final stage of construction. The Group has also started its foundation works for its property development project in Hengqin Island upon obtaining the permit for its foundation works in last January. The Group has applied for its application for extension of different development milestones and is still waiting for the outcome of such application. The Group has also, under a recent investigation of possible idle land by the local authority of Hengqin Island, made a submission to deny that the Group's land at its Hengqin Island has been an idle land and is still waiting for the outcome of such submission.

More details on the Group's performance will be disclosed in the Company's 2016 annual report which is expected to be published in March 2017.

BUSINESS UPDATE – Continued

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 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, 16 February 2017

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) Mr. Lai King Hung, the deputy Chairman and executive Director, (iv) Ms. Leong In Ian, the executive Director and (v) Mr. Cheung Hon Kit, Mr. Yu Kam Yuen, Lincoln and Mr. Chan Pak Cheong Afonso, the independent non-executive Directors.