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1957 & Co. (Hospitality) Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8495)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2019**

**CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG
LIMITED (THE “STOCK EXCHANGE”)**

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the “**Directors**”) of 1957 & Co. (Hospitality) Limited (the “**Company**” or “**1957 & Co.**”, together with its subsidiaries, the “**Group**” or “**We**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

FINANCIAL HIGHLIGHTS

During the six months ended 30 June 2019:

- the Group recorded unaudited revenue of approximately HK\$176.9 million (2018: HK\$167.5 million), representing an increase of approximately 5.6% as compared to the corresponding period ended 30 June 2018;
- the Group recorded an unaudited loss attributable to the owners of the Company of approximately HK\$1.9 million (2018: HK\$7.5 million).

During the three months ended 30 June 2019:

- the Group recorded unaudited revenue of approximately HK\$90.4 million (2018: HK\$91.9 million), representing a decrease of 1.6% as compared to the corresponding period ended 30 June 2018;
- the Group recorded an unaudited profit attributable to the owners of the Company of approximately HK\$0.3 million (2018: Loss of approximately HK\$0.4 million).

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (UNAUDITED)

The Directors of 1957 & Co. (Hospitality) Limited are pleased to announce the unaudited condensed consolidated results of the Group for the three months and six months ended 30 June 2019, together with the unaudited comparative figures for the corresponding periods in 2018, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2019

	Note	For the three months ended 30 June		For the six months ended 30 June	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue	4	90,388	91,883	176,942	167,501
Other income and losses, net		(218)	(244)	(68)	(69)
Cost of inventories sold		(22,543)	(23,050)	(44,710)	(42,757)
Employee benefit expenses		(31,484)	(30,852)	(62,562)	(60,345)
Depreciation, amortisation and impairment		(18,965)	(19,494)	(37,401)	(37,864)
Royalty fees		(1,284)	(1,275)	(2,500)	(2,492)
Rental expenses		(1,938)	(1,561)	(3,904)	(4,242)
Utilities		(2,334)	(2,414)	(4,723)	(4,689)
Other operating expenses		(9,608)	(10,796)	(19,286)	(21,042)
Operating profit/(loss)		2,014	2,197	1,788	(5,999)
Finance income		22	10	35	15
Finance costs	5	(1,177)	(1,594)	(2,437)	(3,299)
Finance costs, net		(1,155)	(1,584)	(2,402)	(3,284)
Share of losses of associates		(123)	(796)	(268)	(800)
Profit/(loss) before income tax		736	(183)	(882)	(10,083)
Income tax expense	6	(628)	(1,091)	(1,235)	(1,110)
Profit/(loss) for the period		108	(1,274)	(2,117)	(11,193)
Profit/(loss) for the period attributable to:					
— Owners of the company		281	(444)	(1,891)	(7,456)
— Non-controlling interests		(173)	(830)	(226)	(3,737)
		108	(1,274)	(2,117)	(11,193)
Earnings/(losses) per share attributable to owners of the company for the period (expressed in HK cents per share)					
— Basic and diluted	8	0.08	(0.14)	(0.57)	(2.33)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2019

	For the three months ended 30 June		For the six months ended 30 June	
	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)
Profit/(loss) for the period	108	(1,274)	(2,117)	(11,193)
Other comprehensive loss				
<i>Items that may be reclassified to profit or loss</i>				
— Currency translation differences	<u>(38)</u>	<u>(43)</u>	<u>(3)</u>	<u>(43)</u>
Total comprehensive income/(loss) for the period	<u>70</u>	<u>(1,317)</u>	<u>(2,120)</u>	<u>(11,236)</u>
Total comprehensive income/(loss) for the period attributable to:				
— Owners of the company	243	(487)	(1,894)	(7,499)
— Non-controlling interests	<u>(173)</u>	<u>(830)</u>	<u>(226)</u>	<u>(3,737)</u>
	<u>70</u>	<u>(1,317)</u>	<u>(2,120)</u>	<u>(11,236)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019

		As at 30 June 2019 <i>HK\$'000</i> (Unaudited)	As at 31 December 2018 <i>HK\$'000</i> (Audited)
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	9	200,368	199,997
Intangible assets	10	1,524	1,632
Interest in associates	11	2,849	3,117
Deferred tax assets		9,114	9,114
		<hr/> 213,855 <hr/>	<hr/> 213,860 <hr/>
Current assets			
Inventories		1,928	2,294
Trade receivables	12	5,971	4,855
Prepayments, deposits and receivables		7,492	4,694
Amounts due from related parties		25	108
Tax recoverable		–	900
Pledged bank deposits		13,068	12,853
Cash and cash equivalents		48,201	41,379
		<hr/> 76,685 <hr/>	<hr/> 67,083 <hr/>
Total assets		<hr/> 290,540 <hr/>	<hr/> 280,943 <hr/>
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	13	38	32
Share premium		100,980	86,773
Capital reserve		(2,983)	(2,983)
Exchange reserve		(430)	(427)
Accumulated losses		(20,318)	(18,427)
		<hr/> 77,287 <hr/>	<hr/> 64,968 <hr/>
Non-controlling interests		<hr/> 19,663 <hr/>	<hr/> 16,989 <hr/>
Total equity		<hr/> 96,950 <hr/>	<hr/> 81,957 <hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019

		As at 30 June 2019 <i>HK\$'000</i> (Unaudited)	As at 31 December 2018 <i>HK\$'000</i> (Audited)
	<i>Note</i>		
LIABILITIES			
Non-current liabilities			
Lease liabilities		81,646	86,933
Deferred income tax liabilities		45	45
		<hr/> 81,691	<hr/> 86,978
Current liabilities			
Trade payables	<i>14</i>	13,871	14,554
Accruals and other payables		17,173	20,366
Lease liabilities		51,205	43,175
Contract liabilities		2,051	1,681
Income tax payables		500	151
Amounts due to a related party		2,160	2,851
Bank borrowings	<i>15</i>	24,939	29,230
		<hr/> 111,899	<hr/> 112,008
Total liabilities		<hr/> 193,590	<hr/> 198,986
Total equity and liabilities		<hr/> 290,540	<hr/> 280,943

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Attributable to the owners of the Company					Total	Non- controlling interest	Total equity
	Share capital	Share premium	Capital reserve	Exchange reserve	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Unaudited)								
Balance at 1 January 2018	32	86,773	(2,983)	(2)	(12,807)	71,013	19,980	90,993
Comprehensive loss								
Loss and total comprehensive loss for the period	-	-	-	(43)	(7,456)	(7,499)	(3,737)	(11,236)
Total comprehensive loss	-	-	-	(43)	(7,456)	(7,499)	(3,737)	(11,236)
Transaction with owners								
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	1,520	1,520
Total transaction with owners	-	-	-	-	-	-	1,520	1,520
Balance at 30 June 2018	<u>32</u>	<u>86,773</u>	<u>(2,983)</u>	<u>(45)</u>	<u>(20,263)</u>	<u>63,514</u>	<u>17,763</u>	<u>81,277</u>
(Unaudited)								
As at 1 January 2019	32	86,773	(2,983)	(427)	(18,427)	64,968	16,989	81,957
Comprehensive loss								
Loss and total comprehensive loss for the period	-	-	-	-	(1,891)	(1,891)	(226)	(2,117)
Other comprehensive loss								
Currency translation differences	-	-	-	(3)	-	(3)	-	(3)
Total comprehensive loss	-	-	-	(3)	(1,891)	(1,894)	(226)	(2,120)
Transaction with owners								
Capital contribution from non-controlling shareholders of subsidiaries (Note (a))	-	-	-	-	-	-	2,900	2,900
Share issued pursuant to the Placing (Note 13(a))	6	15,034	-	-	-	15,040	-	15,040
Transaction costs attributable to the Placing	-	(827)	-	-	-	(827)	-	(827)
Total transaction with owners	<u>6</u>	<u>14,207</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,213</u>	<u>2,900</u>	<u>17,113</u>
Balance at 30 June 2019	<u>38</u>	<u>100,980</u>	<u>(2,983)</u>	<u>(430)</u>	<u>(20,318)</u>	<u>77,287</u>	<u>19,663</u>	<u>96,950</u>

(a) The amount represents capital contribution from non-controlling shareholder of a subsidiary by additional loan from shareholder of HK\$2,900,000.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the six months ended 30 June 2019

	For the six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Cash flow from operating activities		
Loss before income tax	(882)	(10,126)
Adjustment for:		
— Depreciation and amortisation	37,401	37,864
— Loss on disposal of property, plant and equipment	—	221
— Share of loss of associates	268	800
— Finance income	(35)	(25)
— Finance cost	2,437	3,299
	<u>39,189</u>	<u>32,033</u>
Change in working capital		
Inventories	366	(498)
Trade and other receivables	(3,914)	16,165
Trade and other payables	(5,111)	5,805
Contract liabilities	370	793
Amount due to a non-controlling shareholder of a subsidiary	2,900	1,520
Amount due from a related company	(608)	(2)
	<u>33,192</u>	<u>55,816</u>
Cash generated from operations	33,192	55,816
Interest paid	(2,437)	(3,299)
Hong Kong profits tax refunded/(paid)	1,249	(191)
	<u>32,004</u>	<u>52,326</u>
Net cash generated from operating activities		
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,572)	(36,838)
Capital injection in associates	—	(4,637)
Interest received	35	15
	<u>(5,537)</u>	<u>(41,460)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Repayment of bank borrowings	(4,291)	(4,169)
Payment of lease liabilities	(29,349)	(24,898)
Proceeds from Placing	15,040	—
Transaction cost arising from Placing	(827)	—
Addition in pledged bank deposit	(215)	—
	<u>(19,642)</u>	<u>(29,067)</u>
Net cash used in financing activities		
Net increase/(decrease) in cash and cash equivalents	6,825	(18,201)
Cash and cash equivalents at beginning of period	41,379	56,424
Effect of foreign exchange rate changes	(3)	—
	<u>48,201</u>	<u>38,223</u>
Cash and cash equivalents at end of period	48,201	38,223

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 3 February 2016 as an exempted company with limited liability under Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business is Room 702, 7/F, 101 King's Road, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in operation of restaurants and catering management and consultancy services.

2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2019 (the “**2019 Interim Financial Statements**”) have been prepared in accordance with the accounting principles generally accepted in Hong Kong which include Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of GEM Listing Rules.

The 2019 Interim Financial Statements should be read in conjunction with the annual audited consolidated financial statements for the year ended 31 December 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”).

The 2019 Interim Financial Statements are presented in thousands of Hong Kong dollars (“**HK\$’000**”), unless otherwise stated.

Except as described below, the accounting policies and methods of computation used in the preparation of the 2019 Interim Financial Statements are consistent with those adopted in preparing the annual audited consolidated financial statements for the year ended 31 December 2018.

In current period, the Group has applied the following new or revised Hong Kong Financial Reporting Standards (“**new HKFRSs**”) issued by the HKICPA which are or have become effective.

HKAS 12 (Amendment)	Income Taxes
HKAS 19 (Amendment)	Plan Amendment, Curtailment or Settlement
HKAS 23 (Amendment)	Borrowing Costs
HKAS 28 (Amendment)	Long-term Interests in Associates and Joint Ventures
HKFRS 3 (Amendment)	Business Combinations
HKFRS 9 (Amendment)	Prepayment Features with Negative Compensation
HKFRS 11 (Amendment)	Joint Arrangements
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments

The application of these new HKFRSs in the current period has had no material effective on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in those condensed consolidated financial statements.

3 SEGMENT INFORMATION

The Chief operating decision-maker (the “CODM”) has been identified as the Executive Directors of the Company who review the Group’s internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

The CODM assesses the performance based on a measure of segment profit, which is a measure of adjusted profit before income tax. The adjusted profit before income tax is measured consistently with the Group’s profit before income tax except that other income and gains, net, share of losses of associates as well as head office expenses are excluded from such measurement.

The Group is principally engaged in operation of restaurants and provision of catering management and consultancy services.

The following is an analysis of the Group’s revenue, results, assets and liabilities by operating and reportable segments:

Segment revenue and result

Six months ended 30 June 2019

	Operation of restaurants <i>HK\$'000</i> (Unaudited)	Catering management and consultancy services <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Total segment revenue	176,016	9,818	185,834
Inter-segment revenue	–	(8,892)	(8,892)
Revenue	176,016	926	176,942
Timing of revenue recognition			
Over time	176,016	926	176,942
Result			
Segment profit	8,400	666	9,066
Other losses, net			(68)
Unallocated staff costs			(7,588)
Unallocated depreciation and amortisation			(786)
Unallocated utilities and consumables			(9)
Unallocated other expenses			(1,229)
Share of losses of associates			(268)
Loss before income tax			(882)

3 SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

Six months ended 30 June 2018

	Operation of restaurants <i>HK\$'000</i> (Unaudited)	Catering management and consultancy services <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Total segment revenue	164,583	11,222	175,805
Inter-segment revenue	–	(8,304)	(8,304)
Revenue	<u>164,583</u>	<u>2,918</u>	<u>167,501</u>
Timing of revenue recognition Over time	<u>164,583</u>	<u>2,918</u>	<u>167,501</u>
Result			
Segment (loss)/profit	<u>(2,256)</u>	<u>2,510</u>	254
Other losses, net			(69)
Unallocated staff costs			(8,113)
Unallocated depreciation and amortisation			(480)
Unallocated utilities and consumables			(16)
Unallocated other expenses			(859)
Share of losses of associates			<u>(800)</u>
Loss before income tax			<u>(10,083)</u>

3 SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

At 30 June 2019

	Operation of restaurants <i>HK\$'000</i> (Unaudited)	Catering management and consultancy services <i>HK\$'000</i> (Unaudited)	Elimination <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Segment assets	331,671	67,718	(108,849)	290,540
Elimination of inter-segment receivables	(57,066)	(51,783)	108,849	–
	<u>274,605</u>	<u>15,935</u>	<u>–</u>	<u>290,540</u>
Segment liabilities	244,698	57,741	(108,849)	193,590
Elimination of inter-segment payables	(51,783)	(57,066)	108,849	–
	<u>192,915</u>	<u>675</u>	<u>–</u>	<u>193,590</u>

At 31 December 2018

	Operation of restaurants <i>HK\$'000</i> (audited)	Catering management and consultancy services <i>HK\$'000</i> (audited)	Elimination <i>HK\$'000</i> (audited)	Total <i>HK\$'000</i> (audited)
Segment assets	318,768	72,895	(110,720)	280,943
Elimination of inter-segment receivables	(59,969)	(50,751)	110,720	–
	<u>258,799</u>	<u>22,144</u>	<u>–</u>	<u>280,943</u>
Segment liabilities	244,486	65,220	(110,720)	198,986
Elimination of inter-segment payables	(50,751)	(59,969)	110,720	–
	<u>193,735</u>	<u>5,251</u>	<u>–</u>	<u>198,986</u>

4 REVENUE

Revenue represents income from operation of restaurants and catering management and consultancy services.

	For the three months ended 30 June		For the six months ended 30 June	
	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)
Operation of restaurants	89,584	89,615	176,016	164,583
Catering management and consultancy services	804	2,268	926	2,918
	<u>90,388</u>	<u>91,883</u>	<u>176,942</u>	<u>167,501</u>

5 FINANCE COSTS

	For the three months ended 30 June		For the six months ended 30 June	
	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)
Interest expenses on bank borrowings	243	292	497	596
Interest expenses on lease liabilities	934	1,302	1,940	2,703
	<u>1,177</u>	<u>1,594</u>	<u>2,437</u>	<u>3,299</u>

6 INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profit for the six months ended 30 June 2019.

7 DIVIDEND

No dividend has been paid or declared by the Company for the six months ended 30 June 2019.

8 EARNINGS/(LOSSES) PER SHARE

(a) Basic

Basic earnings/(losses) per share is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	For the three months ended 30 June		For the six months ended 30 June	
	2019 (Unaudited)	2018 (Unaudited)	2019 (Unaudited)	2018 (Unaudited)
Profit/(loss) attributable to owners of the company (<i>HK\$'000</i>)	281	(444)	(1,891)	(7,456)
Weighted average number of ordinary shares in issues (<i>in thousands</i>)	330,961	320,000	330,961	320,000
Basic earnings/(losses) per share (<i>HK cents</i>)	<u>0.08</u>	<u>(0.14)</u>	<u>(0.57)</u>	<u>(2.33)</u>

(b) Diluted

Diluted earnings/(losses) per share for the three months and six months ended 30 June 2019 and 2018 were the same as the basic losses per share as there were no potential dilutive ordinary shares.

9 PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets HK\$'000	Leasehold improvements HK\$'000	Furniture and fixture HK\$'000	Kitchen and operating equipment HK\$'000	Computer equipment HK\$'000	Motor vehicle HK\$'000	Total HK\$'000
At 1 January 2018							
Cost	303,241	77,391	5,221	13,625	1,952	–	401,430
Accumulated depreciation	(110,022)	(37,093)	(3,482)	(6,517)	(904)	–	(158,018)
Net book amount	<u>193,219</u>	<u>40,298</u>	<u>1,739</u>	<u>7,108</u>	<u>1,048</u>	<u>–</u>	<u>243,412</u>
Six months ended 30 June 2018							
Opening net book amount	193,219	40,298	1,739	7,108	1,048	–	243,412
Additions	–	30,742	1,998	3,580	518	–	36,838
Amendment to right-of-use asset (note)	(10,186)	–	–	–	–	–	(10,186)
Disposal	–	(2)	–	(13)	(6)	–	(21)
Depreciation	(26,403)	(9,074)	(579)	(1,420)	(281)	–	(37,757)
Closing net book amount	<u>156,630</u>	<u>61,964</u>	<u>3,158</u>	<u>9,255</u>	<u>1,279</u>	<u>–</u>	<u>232,286</u>
At 30 June 2018							
Cost	293,072	104,496	7,156	16,871	2,371	–	423,966
Accumulated depreciation	(136,442)	(42,532)	(3,998)	(7,616)	(1,092)	–	(191,680)
Net book amount	<u>156,630</u>	<u>61,964</u>	<u>3,158</u>	<u>9,255</u>	<u>1,279</u>	<u>–</u>	<u>232,286</u>
At 1 January 2019							
Cost	292,910	106,354	7,565	16,602	2,461	156	426,048
Accumulated depreciation	(159,641)	(51,538)	(4,499)	(8,973)	(1,387)	(13)	(226,051)
Net book amount	<u>133,269</u>	<u>54,816</u>	<u>3,066</u>	<u>7,629</u>	<u>1,074</u>	<u>143</u>	<u>199,997</u>
Six months ended 30 June 2019							
Opening net book amount	133,269	54,816	3,066	7,629	1,074	143	199,997
Additions	32,093	4,880	171	369	151	–	37,664
Depreciation	(26,546)	(8,697)	(429)	(1,295)	(310)	(16)	(37,293)
Closing net book amount	<u>138,816</u>	<u>50,999</u>	<u>2,808</u>	<u>6,703</u>	<u>915</u>	<u>127</u>	<u>200,368</u>
At 30 June 2019							
Cost	325,003	111,235	7,736	16,971	2,612	156	463,713
Accumulated depreciation	(186,187)	(60,236)	(4,928)	(10,268)	(1,697)	(29)	(263,345)
Net book amount	<u>138,816</u>	<u>50,999</u>	<u>2,808</u>	<u>6,703</u>	<u>915</u>	<u>127</u>	<u>200,368</u>

Note: The amount represents the premeasurement of carrying amount to reflect a lease modification.

10 INTANGIBLE ASSETS

	Total <i>HK\$'000</i>
At 31 December 2018 (audited)	
Cost	2,112
Accumulated amortisation	(480)
	<hr/>
Net book amount	<u>1,632</u>
Six months ended 30 June 2019 (Unaudited)	
Opening net book amount	1,632
Amortisation charges	(108)
	<hr/>
Net book amount	<u>1,524</u>
At 30 June 2019 (unaudited)	
Cost	2,112
Accumulated amortisation and impairment	(588)
	<hr/>
Net book amount	<u>1,524</u>

The intangible assets mainly represent the franchise and licensing rights acquired. The intangible assets have estimated useful lives of 10 to 20 years and are amortised on a straight-line basis over the estimated useful lives.

11 INTEREST IN ASSOCIATES

	At 30 June 2019 <i>HK\$'000</i> (Unaudited)	At 31 December 2018 <i>HK\$'000</i> (Audited)
Investment in associates	<u>2,849</u>	<u>3,117</u>

Movement of interest in associates during the period ended 30 June 2019 and 31 December 2018 are analysed as below:

	At 30 June 2019 <i>HK\$'000</i> (Unaudited)	At 31 December 2018 <i>HK\$'000</i> (Audited)
As at 1 January	3,117	28
Additions	–	4,638
Share of losses of associates	(268)	(1,170)
Currency translation difference, net	–	(379)
	<hr/>	<hr/>
	<u>2,849</u>	<u>3,117</u>

12 TRADE RECEIVABLES

As of the end of the reporting period, the ageing analysis of trade receivables based on the invoice date, is as follows:

	At 30 June 2019 <i>HK\$'000</i> (Unaudited)	At 31 December 2018 <i>HK\$'000</i> (Audited)
1 to 30 days	3,959	3,150
31 to 60 days	412	119
61 to 90 days	304	100
Over 90 days	1,296	1,486
	<u>5,971</u>	<u>4,855</u>

13 SHARE CAPITAL

	Number of shares of the company	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>
Authorised:			
Ordinary share capital of HK\$0.0001 each as at 1 January 2018, 30 June 2018, 1 January 2019 and 30 June 2019	3,800,000,000	380	–
Issued and fully paid:			
At 1 January 2018, 30 June 2018 and 1 January 2019	320,000,000	32	86,773
Shares issued pursuant to the Placing (<i>Note (a)</i>)	64,000,000	6	15,034
Transaction costs directly attributable to the Placing (<i>Note (a)</i>)	–	–	(827)
At 30 June 2019	<u>384,000,000</u>	<u>38</u>	<u>100,980</u>

Note:

- (a) On 15 May 2019, the Company entered into a placing agreement with the placing agents, pursuant to which, the placing agents agreed to place up to 64,000,000 placing shares at the placing price of HK\$0.235 per placing share for an aggregated consideration of HK\$15,040,000 upon the completion of placing (the “**Placing**”). The placing shares were allotted and issued pursuant to the general mandate granted to the Directors at the Annual General Meeting in 2018. These shares rank *pari passu* in all respects with the shares in issue. The placing of 64,000,000 placing shares was completed on 30 May 2019. The transaction cost directly attributable to placing of shares amounting HK\$827,000 was treated as a deduction from share premium.

14 TRADE PAYABLES

As of the end of the reporting period, the ageing analysis of trade payables based on the invoice date, is as follows:

	At 30 June 2019 <i>HK\$'000</i> (Unaudited)	At 31 December 2018 <i>HK\$'000</i> (Audited)
1 to 30 days	7,350	8,072
31 to 60 days	6,521	6,465
61 to 90 days	–	14
Over 90 days	–	3
	<u>13,871</u>	<u>14,554</u>

15 BANK BORROWINGS

	At 30 June 2019 <i>HK\$'000</i> (Unaudited)	At 31 December 2018 <i>HK\$'000</i> (Audited)
Bank borrowings with repayable on demand	<u>24,939</u>	<u>29,230</u>

As at 30 June 2019, the Group's bank borrowings were secured by corporate guarantee given by the Company (31 December 2018: same) and pledged bank deposits of HK\$11,058,000 (31 December 2018: HK\$11,039,000).

The weighted average effective interest rates of the bank borrowings as at 30 June 2019 was 4.09% per annum (31 December 2018: 3.68% per annum).

16 RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these unaudited condensed consolidated interim financial statements, the Group had the following transactions with related parties:

	Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Purchases of property, plant and equipment from related companies (<i>Note (a)</i>)		
— Steve Leung Designers Limited	300	2,322
— Tino Kwan Lighting Consultants Limited	45	66
	<u>345</u>	<u>2,388</u>
Lease payment (<i>Note (b)</i>)		
— Perfect Win Properties Limited	4,835	4,916
— Barrowgate Limited	6,696	6,656
	<u>11,531</u>	<u>11,572</u>

Notes:

- (a) Purchases of property, plant and equipment from related companies was conducted in the normal course of business at prices and terms as agreed between the Group and the respective parties.
- (b) Lease payment is charged in accordance with the agreement entered into between the relevant parties.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is a Hong Kong-based restaurant operation and management group that offers a variety of specialty cuisines in restaurants designed by award-winning interior and lighting designers.

During the six months ended 30 June 2019, the Group had been principally engaged in operating full services restaurants under various brands and was dedicated to serving quality Japanese, Thai, Vietnamese, Shanghainese and Italian cuisines to different customers. In addition to the restaurant operation business, the Group also provides restaurant management and consultancy services in Hong Kong and the PRC.

BUSINESS REVIEW

Hong Kong

As at 30 June 2019, the Group had a total of twelve restaurants under five self-owned brands in Hong Kong, namely, Ta-ke, An Nam (including its junior brand, Petit An Nam), Modern Shanghai, 10 Shanghai and Hokkaidon and three franchised or sub-licensed brands, namely, Mango Tree (including its junior brand, Mango Tree Café), Gonpachi and Paper Moon.

During the six months ended 30 June 2019 (the “**Review Period**”), our Mango Tree (Kowloon) Restaurant has temporarily closed for approximately two weeks for renovation so as to bring a fresh look to the customers after operating in Elements for over six years. None of our restaurants had undergone significant renovation and we did not close any restaurant.

As disclosed in the announcement of the Company dated 20 June 2019, the Group has entered into a lease agreement to lease a premises in Olympian City 3 for the opening of a new restaurant serving Huaiyang (淮陽)/Shanghainese cuisine under the trade name of the “Modern Shanghai”. The new restaurant is planning to be opened in late September/early October of this year.

The People’s Republic of China (“PRC”)

As at 30 June 2019, the Group has a minority stake of 24.9% in each of the respective operating companies of the two invested restaurants in Guangzhou, namely as Guangzhou Mango Tree Food and Beverage Co. Ltd (廣州芒果樹餐飲有限公司) and Guangzhou Ten Shanghai Food and Beverage Co. Ltd (廣州十里弄堂餐飲有限公司). Both restaurants commenced their operations on 18 May 2018. We hold a minority stake of 24.9% in each of the respective operating companies of the restaurants. We also provide restaurant management consultancy services to these two restaurants.

As disclosed in the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated 23 November 2017 (the “**Prosepectus**”), the Group will continue to open new restaurants in Hong Kong going forward, and will invest in minority stake of up to 25% in certain holding companies of restaurants to be opened in the PRC. However, the Group will be cautious in running and further expanding our business by exercising due care and examining adequate opportunities and planning for the opening and investing in new restaurants.

FINANCIAL REVIEW

Revenue

During the Review Period, approximately 99.5% of the Group's revenue was generated from the operation of restaurants in Hong Kong and approximately 0.5% of the Group's revenue was generated from the pre-opening consultancy and restaurant management services. As at 30 June 2019, the Group was operating twelve (2018: twelve) restaurants, of which no (2018: one) restaurant was newly opened, no (2018: one) restaurant was relocated and renamed and no (2018: no) restaurant was closed down during the Review Period in Hong Kong.

The revenue of the Group increased by approximately 5.6% from approximately HK\$167.5 million for the six months ended 30 June 2018 to approximately HK\$176.9 million for the six months ended 30 June 2019. The increase in revenue in comparison was principally due to the increased number of restaurants fully in operation during the entire Review Period as compared to the corresponding period in 2018 netting off by a restaurant temporarily closed for two weeks for renovation.

The Group served mainly five different cuisines during the Review Period. The table below sets forth a breakdown of the Group's revenue generated by operation of restaurants by type of cuisine and as a percentage of total revenue generated by operation of restaurants for the periods indicated:

	For the six months ended 30 June			
	2019		2018	
	Revenue	% of total	Revenue	% of total
	HK\$'000	(%)	HK\$'000	(%)
Vietnamese	37,373	21.2	39,124	23.8
Thai	37,515	21.3	40,453	24.6
Japanese	44,774	25.5	36,276	22.0
Shanghainese	36,489	20.7	29,206	17.7
Italian	19,865	11.3	19,524	11.9
Total	<u>176,016</u>	<u>100.0%</u>	<u>164,583</u>	<u>100.0%</u>

Vietnamese-style restaurants

The revenue generated from operation of Vietnamese-style restaurants decreased by approximately HK\$1.7 million, or approximately 4.3%, from approximately HK\$39.1 million for the six months ended 30 June 2018 to approximately HK\$37.4 million for the six months ended 30 June 2019. Such decrease was due to the general slow down of the economy and the result from the keen competition of increased number of competitive restaurants.

Thai-style restaurants

The revenue generated from operation of Thai-style restaurants decreased by approximately HK\$3.0 million, or approximately 7.4%, from approximately HK\$40.5 million for the six months ended 30 June 2018 to approximately HK\$37.5 million for the six months ended 30 June 2019. Such decrease was mainly due to the general slowdown of the economy and the result from the keen competition of increased number of competitive restaurants. In addition, one of our Thai-style restaurants was temporarily closed for two weeks for renovation.

Japanese-style restaurants

The revenue generated from operation of Japanese-style restaurants increased by approximately HK\$8.5 million, or approximately 23.4%, from approximately HK\$36.3 million for the six months ended 30 June 2018 to approximately HK\$44.8 million for the six months ended 30 June 2019. Such increase was mainly resulted from the differences in the aggregate contribution by the Ta-ke Japanese Restaurant (“**Ta-ke**”) which fully operated for six months in 2019 as compared to the corresponding period in 2018 in which it only operated for three months and a few days.

Shanghainese-style restaurant

The revenue generated from operation of Shanghainese-style restaurant increased by approximately HK\$7.3 million, or approximately 25.0%, from approximately HK\$29.2 million for the six months ended 30 June 2018 to approximately HK\$36.5 million for the six months ended 30 June 2019. Such increase was mainly contributed by the revenue derived from 10 Shanghai Restaurant, which was opened on 28 January 2018 and operated for approximately five months in the first half of 2018 as compared to its operation for the entire six months in the corresponding period in 2019 with substantially improved performance after the continuous effort by the management team since its operation.

Italian-style restaurants

The revenue generated from operation of Italian-style restaurants increased by approximately HK\$0.4 million, or approximately 2.1%, from approximately HK\$19.5 million for the six months ended 30 June 2018 to approximately HK\$19.9 million for the six months ended 30 June 2019. Such increase was attributable to the increased acceptance by our customers in 2019.

Cost of inventories sold

The cost of inventories consumed mainly represents the costs of food ingredients and beverages for the operation of the Group's restaurants. The major food ingredients purchased by the Group include, but are not limited to, meat, seafood, frozen food, vegetables and beverages. Cost of inventories consumed is one of the major components of the Group's operating expenses which amounted to approximately HK\$44.7 million and HK\$42.8 million for each of six months ended 30 June 2019 and 2018, respectively, representing approximately 25.4% and 26.0% of the Group's total revenue generated from operation of restaurants for the corresponding period. Our management has been very conscious in striking the balance between food cost and food quality. Despite the continuous expansion of our restaurant portfolio and revenue, we have been able to maintain a relatively stable food cost as a percentage of revenue as we carried out continuous review and monitor of our costs, recipes, menus and customers feedbacks.

Staff costs

Staff costs primarily consist of salaries, wages and allowances, pension costs and other employee benefits, and were one of the largest components of the operating expenses of the Group. The staff costs increased from approximately HK\$60.3 million for the six months ended 30 June 2018 to approximately HK\$62.6 million for the six months ended 30 June 2019, representing an increase of approximately 3.8% in comparison. Such increase was mainly because the full team was in operation for all our twelve restaurants during the Review Period as compared with a slightly smaller team as a result of certain of our new restaurants which were opened and operated for a shorter term during the corresponding period in 2018.

Due to the general increase in labour costs in Hong Kong, the salary level of employees in the catering industry in Hong Kong has generally increased in recent years. The Directors expect the staff costs to continue to increase as inflationary pressures in Hong Kong continue to drive up.

The Directors recognise the importance of retaining quality staff while believe that the resulting upward pressure on the total staff costs as a percentage of total revenue could be mitigated by (i) prioritising internal transfers and re-allocations of employees from existing restaurants; (ii) increasing productivity of the staff by providing training; and (iii) minimising attrition levels by continuing to implement various employee retention initiatives to promote employee loyalty and motivate the employees.

Rental expenses

The rental expenses for the six months ended 30 June 2019 amounted to approximately HK\$3.9 million, representing a slightly decrease of approximately 7.1% as compared with that of the six months ended 30 June 2018 which amounted to approximately HK\$4.2 million. Such decrease was mainly due to the decrease in turnover rent as a result of the decrease in revenue for certain of our restaurants during the Review Period.

Utility expenses

Utility expenses primarily consist of electricity, gas and water supplies of the Group. For the six months ended 30 June 2019 and 2018, the total utility amounted to approximately HK\$4.7 million and HK\$4.7 million, respectively.

Other operating expenses

The other operating expenses represent mainly expenses incurred for our operations, including cleaning expenses, consumables stores, transportation and travelling, credit card commission, entertainment, repair and maintenance, insurance, legal and professional fee and marketing and promotion expenses.

The other operating expenses decreased from approximately HK\$21.0 million for the six months ended 30 June 2018 to approximately HK\$19.3 million for the six months ended 30 June 2019, representing a decrease of approximately 8.1%. The decrease was mainly attributable to the pre-opening expenses which were incurred for the restaurants opened in 2018.

Depreciation, amortization and impairment

Depreciation, amortization and impairment was approximately HK\$37.4 million and HK\$37.9 million for the six months ended 30 June 2019 and 2018, respectively for its right-of-use assets, leasehold improvements, furniture and fixtures, catering and other equipment. The slight decrease in such expense was mainly due to certain restaurants' property, plant and equipment have been fully depreciated during the Review Period.

Income tax expenses

The income tax expenses increased from approximately HK\$1.1 million for six months ended 30 June 2018 to approximately HK\$1.2 million for the six months ended 30 June 2019.

Finance costs

The Group's finance costs decreased from approximately HK\$3.3 million for the six months ended 30 June 2018 to approximately HK\$2.4 million for the six months ended 30 June 2019 principally due to the reduction of the interest expenses on lease liabilities.

Loss for the period

The Group recorded a loss of approximately HK\$2.1 million for the six months ended 30 June 2019 as compared to a loss of approximately HK\$11.2 million for the corresponding period in 2018. The loss was mainly attributable to the one-off pre-opening expenses and the operating losses incurred by the new restaurants during their initial stage of operation in 2018 but not incurred during the Review Period.

Use of net proceeds from the Listing

The Company was successfully listed on GEM on 5 December 2017 (the “**Listing Date**”) by way of share offer of 80,000,000 new shares in the Company (the “**Share Offer**”) at the offer price of HK\$0.63 each, and the net proceeds from the Share Offer, after deducting the actual underwriting fees and expenses paid by the Company in connection thereto, were approximately HK\$24.3 million.

In line with the business plan as disclosed in the Prospectus, the Company intends to use:

- (i) approximately HK\$3.0 million for the settlement of part of the setting up and opening costs of Paper Moon Restaurant under the sub-licensed Italian brand in Hong Kong;
- (ii) approximately HK\$8.2 million for the set up and opening of a restaurant under Modern Shanghai brand in Hong Kong;
- (iii) approximately HK\$11.3 million for the set up and opening of one restaurant under a refined Ta-ke brand in Hong Kong;
- (iv) approximately HK\$1.1 million for the set up and opening of one Hokkaidon restaurant in Hong Kong; and
- (v) approximately HK\$0.7 million for the development of restaurant pre-opening consultancy and management consultancy services in the PRC.

However, given we have settled most of the setting up and pre-opening costs of Paper Moon Restaurant, the Board has decided to re-designate the proceeds allocated in (i) above to (iv) above.

The following sets forth the comparison between the intended uses of net proceeds from the Share Offer based on the Group's plan as set out in the Prospectus and the actual usage since the Listing Date to 30 June 2019:

	Planned use of proceeds from the Listing Date to 30 June 2019	Actual use of proceeds from the Listing Date to 30 June 2019	Total remaining use of proceeds as at 30 June 2019	Transfer of the unutilized balance from use of proceeds to a new restaurant opening project	Revised total remaining use of proceeds as at 30 June 2019
1. Continue to develop our brand portfolio and expand our restaurant network					
(a) Settlement of part of the setting up and opening costs of Paper Moon Restaurant	HK\$3.0 million	HK\$0.7 million	HK\$2.3 million (Note 2)	(HK\$2.3 million) (Note 2)	–
(b) Open a restaurant under the Modern Shanghai brand in Lee Garden Two, Causeway Bay, Hong Kong	HK\$8.2 million	HK\$8.2 million	–	–	–
(c) Open a restaurant under a refined Ta-ke brand in Lee Garden Two, Causeway Bay, Hong Kong	HK\$11.3 million	HK\$11.3 million	–	–	–
(d) Open a restaurant under the Hokkaido brand in Hong Kong (Note 1)	HK\$1.1 million	–	HK\$1.1 million	HK\$2.3 million (Note 2)	HK\$3.4 million
2. Further develop our restaurant preopening consultancy and management consultancy services in the PRC	HK\$0.7 million	HK\$0.7 million	–	–	–
Total	HK\$24.3 million	HK\$20.9 million	HK\$3.4 million	–	HK\$3.4 million

Notes:

1. The Group is still in the process of identifying desirable location to open the restaurant in the year of 2019.

2. The original provision for funding this project has included certain amount which has been satisfied by our internal funding in the same amount immediately before we have obtained the listing status and obtained the funding from the listing. The Group has settled most of the setting up and pre-opening costs of Paper Moon Restaurant and therefore decided to re-designate unutilised amount of approximately HK\$2.3 million to partially fund the proposed new restaurant as mentioned in Note 1.

Use of proceeds from the placing of shares

The Group raised its fund by way of a placing of 64,000,000 shares of the Company at the placing price of HK\$0.235 per share on 30 May 2019 (the “**Placing**”).

Net proceeds from the Placing amounted to approximately HK\$14.1 million (after deducting the placing commission and other expenses), the net proceeds were deposited in licensed banks in Hong Kong. The net proceeds from the Placing will be utilised as follows:

	Net proceeds <i>HK\$</i>	Approximate amount of net amount of net proceeds utilized up to 30 June 2019 <i>HK\$</i>	Approximate amount of net proceeds unutilized up to 30 June 2019 <i>HK\$</i>
(1) To open a new restaurant serving Huaiyang (淮陽) /Shanghainese cuisine in Olympian City 3	8.5 million	1.3 million	7.2 million
(2) To invest in a restaurant by a minority stake in the Guangdong-Hong Kong-Macao Greater Bay Area	3.0 million	–	3.0 million
(3) General working capital (<i>Note (1)</i>)	<u>2.6 million</u>	<u>2.6 million</u>	<u>–</u>
	<u><u>14.1 million</u></u>	<u><u>3.9 million</u></u>	<u><u>10.2 million</u></u>

Note:

- (1) The net proceeds from the Placing which were originally planned for use as the general working capital amounted to HK\$2.6 million have been fully utilised as the payment for the settlement of part of the renovation cost in respect of Mango Tree (Kowloon) Restaurant prior to the commencement of the new lease in September 2019.

Financial Resources and Liquidity

Capital structure

The change in the capital structure of the Group from 31 December 2018 to 30 June 2019 is set out in note 13 in this results announcement.

Cash position

As at 30 June 2019, the cash and cash equivalents of the Group amounted to approximately HK\$48.2 million (31 December 2018: approximately HK\$41.4 million), which were mainly denominated in Hong Kong dollar, representing an increase of approximately 16.4% as compared to that at 31 December 2018. The increase of the cash balance was mainly due to the proceeds from Placing netting off by the repayment of bank borrowing and renovation cost incurred for Mango Tree (Kowloon) Restaurant.

Borrowings

As at 30 June 2019, the total borrowings of the Group, all of which were denominated in Hong Kong dollar, amounted to approximately HK\$24.9 million (31 December 2018: approximately HK\$29.2 million) that bears the weighted average of floating interest rates of approximately 4.09% per annum as at 30 June 2019. No financial instrument was being used for interest rate hedging purpose.

Save as disclosed, the Group did not have other borrowings for the period ended 30 June 2019.

Pledge of assets

As at 30 June 2019, a total of HK\$13.1 million pledged deposits provided by the Group held at banks as security for a rental deposit of our lease and as securities for the bank borrowings (31 December 2018: HK\$12.9 million).

Gearing ratio

As at 30 June 2019, the gearing ratio of the Group was approximately 25.7% (2018: approximately 35.7%). The decrease was attributable to the repayment of bank borrowings and effect after the Placing during the period ended 30 June 2019. The gearing ratio is calculated based on the total borrowings, which include bank borrowings, amount due to non-controlling interests and an associate, divided by the total equity of the Company at the end of the respective period.

Material Acquisitions/Disposals and Significant Investments

The Group did not have any material acquisition nor disposal of subsidiaries, associates and joint venture companies during the Review Period.

Capital commitments

As of 30 June 2019, the Group's contracted capital expenditure but not recognised as liabilities were approximately HK\$108,000 for opening of a new restaurant (31 December 2018: nil).

As at 30 June 2019, the Group had committed to lease a premises under non-cancellable operating lease expiring within five years. The commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follow:

	At 30 June 2019 <i>HK\$'000</i> (Unaudited)	At 31 December 2018 <i>HK\$'000</i> (Audited)
Within one year	4,208	–
Later than one year but not later than 5 years	21,563	–
	25,771	–

Information on Employees

The Group has 330 full-time employees and 76 part-time employees respectively as at 30 June 2019. The Group's employment and remuneration policies remained the same as detailed in the Company's annual report for the year ended 31 December 2018.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 30 June 2019.

COMPARISON OF BUSINESS PLAN AND ACTUAL BUSINESS PROGRESS

An analysis comparing the business plan as set out in the Prospectus with the Group's actual business progress for the period from 5 December 2017 (being the date on which the Company listed on GEM of the Stock Exchange) to the date of this announcement is set out below:

	Business plan as stated in the Prospectus	Actual business progress up to 30 June 2019
1. Continue to develop our brand portfolio and expand our restaurant network	Settlement of part of the setting up and opening costs of Paper Moon Restaurant	Settled the remaining costs for Paper Moon Restaurant
	Open a restaurant under the Modern Shanghai brand in Lee Garden Two, Causeway Bay, Hong Kong	10 Shanghai Restaurant has opened in January 2018
	Open a restaurant under a refined Ta-ke brand in Lee Garden Two, Causeway Bay, Hong Kong	Ta-ke Restaurant has opened in March 2018
	Setting up two restaurants under the Modern Shanghai brand in shopping mall in Guangzhou	Guangzhou Ten Shanghai Food and Beverage Co. Ltd. (十里弄堂) was set up and opened in Guangzhou during May 2018 and the Group is still in the process of identifying a desirable location to open the second restaurant
	Setting up a restaurant under the Mango Tree brand and setting up a restaurant under the Mango Tree Café brand in shopping mall in Guangzhou	Guangzhou Mango Tree Food and Beverage Co. Ltd. (芒果樹泰國餐廳) was set up and opened in Guangzhou during May 2018 for the Mango Tree brand and the Group has identified desirable location to open the second restaurant for the Mango Tree Café brand, the restaurant is planned to be opened in late September/early October of this year
2. Further develop our restaurant pre-opening consultancy and management consultancy services in the PRC	To open a restaurant under the Hokkaidon brand in a shopping mall in Hong Kong	The Group is still in the process of identifying a desirable location to open the restaurant
	Identifying new sources of PRC clients	Negotiating for the new pre-opening consultancy contract in PRC
3. Enhance our brand recognition by continuing to bring high quality ingredients and new dishes to our customers	Marketing activities including media tasting, special menu promotion and joint promotions with different organisations	The Group has held certain activities including distribution of souvenirs with Company's logo to frequent customers and business partners; media tasting events at new restaurant opening; and launch of different seasonal menus for different festivals

The Group will continue to adhere to these objectives by (i) increasing sales volume; (ii) optimising restaurant-level staffing; and (iii) maximising the utilisation of food ingredients.

PROSPECT

Our strategic objective is to continue to develop our brand portfolio and expand our restaurant network by developing restaurants under our own brands and restaurants operating under different franchised or sub-licensed brands.

We will continue to develop our brand portfolio through means such as (i) refining our existing brands, (ii) diversifying our existing brands into junior brands and/or senior brands and (iii) launching new brands.

We also plan to open or invest in and manage more restaurants under our existing brands and new brands. No restaurant has been opened yet in Hong Kong during the Review Period. However, we are preparing and planning to open a new restaurant serving Huaiyang (淮陽)/Shanghainese cuisine under the trade name of the “Modern Shanghai” in Olympic City 3 in late September/early October of this year. We are still in the process of identifying the suitable locations for the other new restaurants which are scheduled to be opened. For restaurant to be opened in the PRC, no new restaurant has been opened yet during the Review Period. We intend to hold a minority stake of approximately 15%–25% in the operating company of one new restaurant planned to be opened in late September/early October of this year and we will manage this restaurant.

Meanwhile, the management of the Company will, from time to time, assess and evaluate the need for renovating and/or refurbishing existing restaurants in both financial and operational perspectives. Depending on the scale of renovation and/or refurbishment, our restaurants might be temporarily closed for business during such period, while the management of the Company considers that such temporarily closure will not bring material adverse impact to the Group as a whole. During the Review Period, Mango Tree (Kowloon) Restaurant had temporarily closed for approximately two weeks for renovation so as to bring a fresh look to the customers after operating in Elements for over six years.

We will continue to review the operation and evaluate the performance of our existing restaurants, and formulate adequate strategies for each restaurant in response to changes in the industry with a view to maximizing the return to our investors. During the Review Period, we have re-positioned the restaurant and re-branded it to Mango Tree brand to turn around the drop in revenue.

However, the Group noted the recent slow down in economic growth in Hong Kong, and the consumption behavior of our potential customers might inadvertently be affected. We will keep close monitor on the changes in economic and market conditions and formulate adequate plans to mitigate the potential adverse impact to our financial performance.

Further develop our restaurant pre-opening and management consultancy services in the PRC

Leveraging on our knowledge and experience in the food and beverage industry, we also provide restaurant pre-opening consultancy and restaurant management consultancy services. Our Directors consider that the food and beverage industry in the PRC has significant growth potential and expect that there will be an increasing demand for restaurant consultancy services. Therefore, we have established a local presence in the PRC by setting up a Shenzhen office as a contact point for our customers in the PRC, through which we would be able to enhance our service quality and manage restaurant pre-opening projects and restaurant operation management projects more conveniently and efficiently.

Looking ahead, the Group will endeavour to strengthen the development of its existing businesses and to provide steady return as well as growth prospects for the Company's shareholders (the "Shareholders").

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2019, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Name	Capacity/Nature of Interest	Number of Shares	Long/short position	Approximate Percentage of Shareholding in the Company (%)
Kwan Wing Kuen Tino ("Mr. Kwan")	Interest in controlled corporation/beneficial owner (Note 1)	64,000,000	Long	16.67%
Kwok Chi Po ("Mr. Kwok")	Interest in controlled corporation (Note 2)	15,362,400	Long	4.00%
Leung Chi Tien Steve ("Mr. Leung")	Interest in controlled corporation (Note 3)	90,256,800	Long	23.50%

Notes:

- (1) Among the 64,000,000 shares, 60,000,000 shares are held by Perfect Emperor Limited which is wholly owned by Mr. Kwan. As such, Mr. Kwan is deemed to be interested in all the Shares held by Perfect Emperor pursuant to Part XV of the SFO. The remaining 4,000,000 shares are beneficially held by Mr. Kwan.
- (2) The 15,362,400 shares are held by P.S Hospitality Limited which is wholly owned by Mr. Kwok. As such, Mr. Kwok is deemed to be interested in all the shares held by P.S Hospitality Limited pursuant to Part XV of the SFO.
- (3) Among the 90,256,800 shares, 67,576,800 shares are held by Sino Explorer Limited (“**Sino Explorer**”) and 22,680,000 shares are held by All Victory Global Limited (“**All Victory**”). Both Sino Explorer and All Victory are wholly owned by 1957 & Co. Limited, which is in turn wholly owned by Mr. Leung. As such, Mr. Leung is deemed to be interested in all the Shares held by Sino Explorer and All Victory pursuant to Part XV of the SFO.

Save as disclosed above, as at 30 June 2019, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this announcement, at no time during the Review Period was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2019, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Capacity/Nature of Interest	Number of Shares	Long/short position	Approximate Percentage of Shareholding in the Company (%)
Kwan Wai Ling Alicia	Interest of spouse (<i>Note 1</i>)	64,000,000	Long	16.67%
1957 & Co. Limited	Interest in controlled corporation (<i>Note 2</i>)	90,256,800	Long	23.50%
All Victory Global Limited	Beneficial owner (<i>Note 2</i>)	22,680,000	Long	5.91%
Sino Explorer Limited	Beneficial owner (<i>Note 2</i>)	67,576,800	Long	17.60%
Chan Siu Wan	Interest of spouse (<i>Note 3</i>)	90,256,800	Long	23.50%
Leung Shuk Yee Winnie ("Ms. Leung")	Interest in controlled corporation (<i>Notes 4 & 5</i>)	19,764,000	Long	5.15%
Pearl Global Development Limited	Beneficial owner (<i>Note 4</i>)	19,764,000	Long	5.15%
Perfect Emperor Limited	Beneficial owner	60,000,000	Long	15.63%
Poon Hok Ming ("Mr. Poon")	Interest of spouse (<i>Note 5</i>)	19,764,000	Long	5.15%

Notes:

- (1) Ms. Kwan Wai Ling Alicia is the spouse of Mr. Kwan and is deemed to be interested in the same number of shares held by Mr. Kwan.
- (2) 1957 & Co. Limited holds 100% of equity interest of Sino Explorer and All Victory. Accordingly, 1957 & Co. Limited is deemed to be interested in 67,576,800 shares held by Sino Explorer and 22,680,000 shares held by All Victory.
- (3) Ms. Chan Siu Wan is the spouse of Mr. Leung and is deemed to be interested in the same number of shares held by Mr. Leung.
- (4) Ms. Leung holds 99.99% of equity interest of Pearl Global Development Limited. Therefore, she is deemed to be interested in 19,764,000 shares held by Pearl Global Development Limited.
- (5) Mr. Poon is the husband of Ms. Leung and is deemed to be interested in the same number of shares held by Ms. Leung accordingly.

Save as disclosed above, as at 30 June 2019, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

SHARE OPTION SCHEME

The Share Option Scheme was approved by the Shareholders on 6 November 2017 for the purpose of enabling the Group to grant options to selected participants as incentives or rewards for their contribution to our Group. The Directors consider the Share Option Scheme, with its broadened basis of participation, will enable our Group to reward the employees, the Directors and other selected participants for their contributions to our Group.

The Share Option Scheme will be valid and effective for a period as the Board may determine which shall not exceed ten years from the date of grant.

The Share Option Scheme will remain in force for a period of ten years commencing on 6 November 2017. For more details, please refer to the section headed “Statutory and General Information — Share Option Scheme” in Appendix IV of the Prospectus. The remaining life of the Share Option Scheme is approximately 8 years and 3 months.

Up to 30 June 2019, no share option has been granted under the Share Option Scheme.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Review Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

DIRECTORS’ INTEREST IN COMPETING BUSINESS

During the Review Period, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) as set out in Appendix 15 of the GEM Listing Rules as its own code of corporate governance. The Company has complied with all applicable code provisions under the CG Code throughout the Review Period. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

INTERESTS OF COMPLIANCE ADVISER

As notified by the Company's compliance adviser, Halcyon Capital Limited ("**Halcyon Capital**"), neither Halcyon Capital nor any of its directors or employees or close associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) or otherwise in relation of the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules and all Directors and Controlling Shareholders and their respective close associates as referred to in Rule 11.04 of the GEM Listing Rules (except for the compliance adviser service provided by Halcyon Capital as at the date of this announcement).

CHANGE TO DIRECTORS' INFORMATION

Mr. Ng Wai Hung, independent non-executive Director, has been appointed as an independent non-executive director of Winshine Science Co. Limited (Stock code: 209, its shares are listed on the Main Board of the Stock Exchange) with effect from 21 May 2019.

REQUIRED STANDARD OF DEALINGS FOR SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings set out in Rules 5.46 to 5.67 of the GEM Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all the Directors, each of the Directors has confirmed that he has complied with the required standard of dealings during the Review Period.

The Company has also adopted its own code of conduct regarding employees' securities transactions with reference to the required standard of dealings for the compliance by its relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of their dealings in the Company's securities.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL INFORMATION

Pursuant to the requirements of the CG Code and the GEM Listing Rules, the Company has established an audit committee (the "**Audit Committee**") that comprises three independent non-executive Directors, namely Mr. How Sze Ming (Chairman), Mr. Ng Wai Hung and Mr. Chan Kam Kwan Jason.

The Audit Committee has reviewed the interim results for the six months ended 30 June 2019. The Audit Committee is of the view that the condensed consolidated financial statements have been prepared in accordance with the applicable accounting standards, the GEM Listing Rules and the statutory provisions, sufficient disclosures have already been made.

The condensed consolidated financial results for the six months ended 30 June 2019 are unaudited and have not been audited or reviewed by the Company's auditors.

EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2019 and up to the date of this announcement.

DIVIDEND

The Board did not recommend the payment of any dividend for the six months ended 30 June 2019.

MATERIAL ACQUISITION AND DISPOSAL

The Group did not have any material acquisition or disposal of subsidiaries or associates during the six months ended 30 June 2019.

PUBLICATION OF INTERIM REPORT

The interim report of the Company containing all the information required by the GEM Listing Rules will be despatched to the Shareholders and will also be available for viewing on the website of Stock Exchange at www.hkexnews.hk and on the website of the Company at www.1957.com.hk.

By order of the Board of
1957 & Co. (Hospitality) Limited
Kwok Chi Po

Chief Executive Officer and Executive Director

Hong Kong, 7 August 2019

As at the date of this announcement, the executive Directors are Mr. Kwok Chi Po, Mr. Kwan Wing Kuen Tino, Mr. Lau Ming Fai and Mr. Leung Nicholas Nic-hang; the non-executive Director is Mr. Leung Chi Tien Steve; the independent non-executive Directors are Mr. How Sze Ming, Mr. Ng Wai Hung and Mr. Chan Kam Kwan Jason.

The announcement will remain on the “Latest Listed Company Information” page of the website of GEM of the Stock Exchange at www.hkgem.com for at least 7 days from the date of publication and on the Company’s website at www.1957.com.hk.