

## **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.**

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This report, 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 the 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 report 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 report misleading.

# Financial Highlights

During the three months ended 31 March 2019:

- the Group recorded unaudited revenue of approximately HK\$86.6 million, representing an increase of approximately 14.6% as compared to the corresponding period ended 31 March 2018;
- the Group recorded an unaudited operating loss of approximately HK\$0.2 million (2018: HK\$8.2 million); and
- the Group recorded an unaudited loss attributable to the owners of the Company of approximately HK\$2.2 million (2018: HK\$7.0 million).

# Condensed Consolidated Income Statement

For the three months ended 31 March 2019

## FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 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 ended 31 March 2019, together with the unaudited comparative figures for the corresponding period in 2018, as follows:

	Note	For the three months ended 31 March	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue	3	86,554	75,618
Other gains and income, net		150	175
Cost of inventories sold		(22,167)	(19,707)
Employee benefit expenses		(31,078)	(29,493)
Depreciation and amortisation		(18,436)	(18,370)
Royalty fees		(1,216)	(1,217)
Rental expenses		(1,966)	(2,681)
Utilities		(2,389)	(2,275)
Other operating expenses		(9,678)	(10,246)
<b>Operating loss</b>		<b>(226)</b>	<b>(8,196)</b>
Finance income		13	5
Finance costs		(1,260)	(1,705)
Finance costs, net	4	(1,247)	(1,700)
Share of losses of associates		(145)	(4)
<b>Loss before income tax</b>		<b>(1,618)</b>	<b>(9,900)</b>
Income tax expense	5	(607)	(19)
Loss for the period		(2,225)	(9,919)
<b>Loss for the period attributable to:</b>			
— Owners of the company		(2,172)	(7,012)
— Non-controlling interest		(53)	(2,907)
		(2,225)	(9,919)
<b>Losses per share attributable to owners of the company for the period (HK cents)</b>			
— Basic and diluted	7	(0.68)	(2.19)

# Condensed Consolidated Statement of Comprehensive Income

For the three months ended 31 March 2019

	For the three months ended	
	31 March	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Loss for the period</b>	<b>(2,225)</b>	(9,919)
<b>Other comprehensive income</b>		
<i>Items that may be reclassified to profit or loss</i>		
— Currency translation differences	<b>35</b>	—
<b>Total comprehensive loss for the period</b>	<b>(2,190)</b>	(9,919)
<b>Total comprehensive loss for the period attributable to:</b>		
— Owners of the company	<b>(2,137)</b>	(7,012)
— Non-controlling interest	<b>(53)</b>	(2,907)
	<b>(2,190)</b>	(9,919)

# Condensed Consolidated Statements of Changes in Equity

For the three months ended 31 March 2019

	Attributable to the owners of the Company					Total HK\$'000	Non- controlling interest HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000			
(Unaudited)								
Balance at 1 January 2018	32	86,773	(2,983)	(2)	(12,807)	71,013	19,980	90,993
Comprehensive income								
Loss and total comprehensive loss for the period	-	-	-	-	(7,012)	(7,012)	(2,907)	(9,919)
	-	-	-	-	(7,012)	(7,012)	(2,907)	(9,919)
Transaction with owners								
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	1,520	1,520
	-	-	-	-	-	-	1,520	1,520
Balance at 31 March 2018	32	86,773	(2,983)	(2)	(19,819)	64,001	18,593	82,594
<b>(Unaudited)</b>								
<b>As at 1 January 2019</b>	<b>32</b>	<b>86,773</b>	<b>(2,983)</b>	<b>(427)</b>	<b>(18,427)</b>	<b>64,968</b>	<b>16,989</b>	<b>81,957</b>
<b>Comprehensive loss</b>								
Loss and total comprehensive loss for the period	-	-	-	-	(2,172)	(2,172)	(53)	(2,225)
<b>Other comprehensive income</b>								
Currency translation differences	-	-	-	35	-	35	-	35
<b>Total comprehensive income/loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35</b>	<b>(2,172)</b>	<b>(2,137)</b>	<b>(53)</b>	<b>(2,190)</b>
<b>Balance at 31 March 2019</b>	<b>32</b>	<b>86,773</b>	<b>(2,983)</b>	<b>(392)</b>	<b>(20,599)</b>	<b>62,831</b>	<b>16,936</b>	<b>79,767</b>

# 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 first quarterly financial statements of the Group for the three months ended 31 March 2019 (the "**Consolidated Financial Results**") have been prepared in accordance with the accounting principles generally accepted in Hong Kong issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure requirements of GEM Listing Rules.

The Consolidated Financial Results 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 Consolidated Financial Results 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 Consolidated Financial Results 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.

# Notes to the Condensed Consolidated Financial Statements

## 3 REVENUE

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

	For the three months ended 31 March	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Operation of restaurants	86,432	74,968
Catering management and consultancy services	122	650
	<b>86,554</b>	75,618

## 4 FINANCE COST, NET

	For the three months ended 31 March	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
<b>Finance income</b>		
Interest income	13	5
<b>Finance cost</b>		
Interest expenses on bank borrowings	(254)	(304)
Interest expenses on lease liabilities	(1,006)	(1,401)
	<b>(1,260)</b>	(1,705)
Finance costs, net	<b>(1,247)</b>	(1,700)

## 5 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 three months ended 31 March 2019.

## 6 DIVIDEND

No dividend has been paid or declared by the Company for the three months ended 31 March 2019.

# Notes to the Condensed Consolidated Financial Statements

## 7 LOSSES PER SHARE

### (a) Basic

Basic losses per share is calculated by dividing the 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 31 March	
	2019 (Unaudited)	2018 (Unaudited)
Loss attributable to owners of the company (HK\$'000)	(2,172)	(7,012)
Weighted average number of ordinary shares in issues (in thousands)	320,000	320,000
Basic and diluted losses per share (HK cents)	(0.68)	(2.19)

Note:

The weighted average number of shares in issue for the three months ended 31 March 2018 for the purpose of losses per share computation has been retrospectively adjusted for the effect of the 239,900,000 shares issued under the capitalisation issue on 6 November 2018.

### (b) Diluted

Diluted losses per share for the three months ended 31 March 2019 and 2018 were the same as the basic losses per share as there were no potential dilutive ordinary shares.



# Management Discussion and Analysis

The Group had 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 three months ended 31 March 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 31 March 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 three months ended 31 March 2019 (the “**Review Period**”), none of our restaurants had undergone significant renovation and we did not open or close any restaurant.

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

As at 31 March 2019, the Group has a minority stake of 24.9% in each of the respective operating company of the two invested restaurants in Guangzhou, namely 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 also provided restaurant management consultancy services to these two restaurants during the Review Period.

As disclosed in the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated 23 November 2017 (the “**Prospectus**”), 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.

# Management Discussion and Analysis

## FINANCIAL REVIEW

### Revenue

During the Review Period, approximately 99.9% of the Group's revenue was generated from the operation of restaurants in Hong Kong and approximately 0.1% of the Group's revenue was generated from the pre-opening consultancy and restaurant management services. As at 31 March 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 14.6% from approximately HK\$75.6 million for the three months ended 31 March 2018 to approximately HK\$86.6 million for the three months ended 31 March 2019. The increase in revenue in comparison was principally due to the increase in revenue contributed by new restaurants opened in 2018 which were operated for approximately two months and a few days respectively during the three months ended 31 March 2018 as compared with the entire three months contributions during the Review Period in 2019.

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 three months ended 31 March			
	2019		2018	
	Revenue HK\$'000	% of total Revenue (%)	Revenue HK\$'000	% of total Revenue (%)
Vietnamese	17,989	20.8	18,674	24.9
Thai	18,030	20.9	19,485	26.0
Japanese	22,224	25.7	14,898	19.9
Shanghainese	18,450	21.3	12,346	16.5
Italian	9,739	11.3	9,565	12.7
Total revenue from operation of restaurants in Hong Kong	86,432	100.0	74,968	100.0

### Vietnamese-style restaurants

The revenue generated from operation of Vietnamese-style restaurants decreased by approximately HK\$0.7 million, or approximately 3.7%, from approximately HK\$18.7 million for the three months ended 31 March 2018 to approximately HK\$18.0 million for the three months ended 31 March 2019. Such decrease was noted in our two restaurants due to the general downturn of the economy and the result from the keen competitions of increased number of competitive restaurants in YOHO Mall affecting the performance of our restaurants located in this shopping mall.

# Management Discussion and Analysis

## Thai-style restaurants

The revenue generated from operation of Thai-style restaurants decreased by approximately HK\$1.5 million, or approximately 7.7%, from approximately HK\$19.5 million for the three months ended 31 March 2018 to approximately HK\$18.0 million for the three months ended 31 March 2019. Such decrease was noted in our two café restaurants which also due to the general downturn of the economy and the result from the keen competitions of increased number of competitive restaurants in YOHO Mall affecting the performance of our restaurants located in this shopping mall.

## Japanese-style restaurants

The revenue generated from operation of Japanese-style restaurants increased by approximately HK\$7.3 million, or approximately 49.0%, from approximately HK\$14.9 million for the three months ended 31 March 2018 to approximately HK\$22.2 million for the three months ended 31 March 2019. Such increase was mainly resulted from the differences in the aggregate contribution by Sushi Ta-ke restaurant which was operated for approximately one and half months together with the Ta-ke Japanese restaurant (“**Ta-ke**”) which was opened and operated for a few days in the corresponding period in 2018 and compared with Ta-ke which was operated for the entire three months during in the Review Period in 2019.

## Shanghainese-style restaurants

The revenue generated from operation of Shanghainese-style restaurants increased by approximately HK\$6.2 million, or approximately 50.4%, from approximately HK\$12.3 million for the three months ended 31 March 2018 to approximately HK\$18.5 million for the three months ended 31 March 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 two months in 2018 and it was operated for the entire three months during the Review Period with substantially increased performance after exercising the continuous effort by the management team in 2019.

## Italian-style restaurant

The revenue generated from operation of Italian-style restaurant slightly increased by approximately HK\$0.1 million, or approximately 1.0%, from approximately HK\$9.6 million for the three months ended 31 March 2018 to approximately HK\$9.7 million for the three months ended 31 March 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\$22.2 million and HK\$19.7 million for each of the three months ended 31 March 2019 and 2018, respectively, representing approximately 25.7% and 26.3% 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.

# Management Discussion and Analysis

## 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\$29.5 million for the three months ended 31 March 2018 to approximately HK\$31.1 million for the three months ended 31 March 2019, representing an increase of approximately 5.4% in comparison. Such increase was mainly because the full team was in the 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 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.

## Depreciation, amortization and impairment

Depreciation, amortization and impairment of approximately HK\$18.4 million and HK\$18.4 million were recorded by the Group for the three months ended 31 March 2019 and 2018, respectively for its right-of-use assets, leasehold improvements, furniture and fixtures, catering and other equipment. No material fluctuation was noted for the two corresponding review periods as no change in the number of operating restaurants.

## Rental expenses

The rental expenses for the three months ended 31 March 2019 amounted to approximately HK\$2.0 million, representing a decrease of approximately 25.9% as compared with that for the three months ended 31 March 2018 which amounted to approximately HK\$2.7 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 which previously reached the criteria for incurring the additional turnover rent during the Review Period.

## Utility expenses

Utility expenses primarily consist of electricity, gas and water supplies of the Group. For the three months ended 31 March 2019 and 2018, the total utility amounted to approximately HK\$2.4 million and HK\$2.3 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\$10.2 million for the three months ended 31 March 2018 to approximately HK\$9.7 million for the three months ended 31 March 2019, representing a decrease of approximately 4.9%. This was mainly attributable to the pre-opening expenses incurred for the restaurants opened in 2018 netting off by the increase of other operating expenses incurred for the three months ended 31 March 2019.

# Management Discussion and Analysis

## Income tax expenses

The income tax expenses increased from approximately HK\$0.02 million for three months ended 31 March 2018 to approximately HK\$0.6 million for the three months ended 31 March 2019.

## Finance costs

The Group's finance costs decreased from approximately HK\$1.7 million for the three months ended 31 March 2018 to approximately HK\$1.3 million for the three months ended 31 March 2019 principally due to the reduction of interest expenses on lease liabilities.

## Loss for the period

The Group recorded a loss of approximately HK\$2.2 million for the three months ended 31 March 2019 as compared to a loss of approximately HK\$9.9 million for the corresponding period in 2018. The decrease in 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.

## 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, refined brands and new brands. No restaurant has been opened yet in Hong Kong during the Review Period and we are still in the process of identifying the suitable locations for the new restaurants which are scheduled to open. For restaurants to be opened in the PRC, we only intend to hold a minority stake of approximately 25% in the operating companies of these restaurants and will manage these restaurants.

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. For instance, it is planned that our Mango Tree restaurant will be 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.

## Hokkaidon

At the beginning of 2017, we opened Hokkaidon Restaurant in Cityplaza, Taikoo Shing, which focuses on Japanese sashimi rice bowls. Our Hokkaidon brand features imported seasonal ingredients selected by our supplier in Sapporo Central Wholesale Market and was well received by customers. To further enhance the presence of the Hokkaidon brand, we still intend to open another Hokkaidon restaurant during 2019 in Hong Kong.

## Mango Tree Café

As we have noted a decrease in performance of our café restaurants, we intend to re-position the restaurant and re-brand it to Mango Tree brand to turn around the drop in revenue.

# Management Discussion and Analysis

With regard to the minority stake investment of 24.9% in the operating company of the invested restaurant in Guangzhou in 2018, namely Guangzhou Mango Tree Food and Beverage Co. Ltd (廣州芒果樹餐飲有限公司), with improving results recorded, we plan to expand the restaurant network of Mango Tree in the PRC. We originally planned to open one Mango Tree Café restaurant in Guangzhou in 2018 but we are still in the process of identifying suitable location for the restaurant, so we intend to revise the target to open the restaurant in second or third quarter of 2019. We intend to manage the new restaurant and hold minority stake in the company to be set up to operate new restaurant in the PRC.

## **Modern Shanghai and 10 Shanghai**

In addition to the opening of a restaurant in Guangzhou, namely Guangzhou Ten Shanghai Food and Beverage Co. Ltd. (廣州十里弄堂餐飲有限公司) on 18 May 2018 and the investment of a minority stake of 24.9% in the company, we originally targeted to open one new restaurant in Guangzhou in 2018 but we are still in the process of identifying suitable location for the restaurant. We intend to revise the target to open the restaurant in second or third quarter of 2019. We intend to manage the new restaurant and hold a minority stake in the company to be set up to operate the new restaurant in the PRC.

The Group will continue to exercise due care in identifying suitable opportunities and planning for the opening of new restaurants.

## **Restaurant pre-opening and management consultancy services in the PRC**

Following the setting up a Shenzhen office as a contact point for our customers in the PRC, 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 endeavor 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 31 March 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 by the Company 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	20.00%
Kwok Chi Po ("Mr. Kwok")	Interest in controlled corporation (Note 2)	15,362,400	Long	4.80%
Leung Chi Tien Steve ("Mr. Leung")	Interest in controlled corporation (Note 3)	90,256,800	Long	28.21%

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 31 March 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 by the Company 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.

# Corporate Governance and Other Information

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this report, 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 31 March 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 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 (Note 1)	64,000,000	Long	20.00%
1957 & Co. Limited	Interest in controlled corporation (Note 2)	90,256,800	Long	28.21%
All Victory Global Limited	Beneficial owner (Note 2)	22,680,000	Long	7.09%
Sino Explorer Limited	Beneficial owner (Note 2)	67,576,800	Long	21.12%
Chan Siu Wan	Interest of spouse (Note 3)	90,256,800	Long	28.21%
Leung Shuk Yee Winnie ("Ms. Leung")	Interest in controlled corporation (Notes 4 & 5)	19,764,000	Long	6.18%
Pearl Global Development Limited	Beneficial owner (Note 4)	19,764,000	Long	6.18%
Perfect Emperor Limited	Beneficial owner	60,000,000	Long	18.75%
Poon Hok Ming ("Mr. Poon")	Interest of spouse (Note 5)	19,764,000	Long	6.18%



# Corporate Governance and Other Information

## 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 31 March 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 6 months.

Up to 31 March 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.

# Corporate Governance and Other Information

## 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 report).

## 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 first quarterly results for the three months ended 31 March 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 three months ended 31 March 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 31 March 2019 and up to the date of this report.

## DIVIDEND

The Board did not recommend the payment of any dividend for the three months ended 31 March 2019.

## MATERIAL ACQUISITION AND DISPOSAL

The Group did not have any material acquisition or disposal of subsidiaries or associates during the three months ended 31 March 2019.

# Corporate Governance and Other Information

## PUBLICATION OF FIRST QUARTERLY REPORT

The first quarterly 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](http://www.hkexnews.hk) and on the website of the Company at [www.1957.com.hk](http://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 May 2019

*As at the date of this report, the executives 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.*