



# 1957 & Co. (Hospitality) Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8495

## First Quarterly Report 2021



## **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")**

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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 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 2021:

- the Group recorded unaudited revenue of approximately HK\$81.3 million, representing an increase of approximately 18.7% as compared to the corresponding period in 2020;
- the Group received the government grants in the amount of approximately HK\$4.4 million (2020: HK\$1.4 million);
- the Group recorded an unaudited adjusted loss before tax and government grants of approximately HK\$4.5 million (2020: HK\$13.3 million); and
- the Group recorded an unaudited loss attributable to the owners of the Company of approximately HK\$0.3 million (2020: HK\$10.6 million).

# Condensed Consolidated Income Statement

For the three months ended 31 March 2021

## FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2021 (UNAUDITED)

The Directors are pleased to announce the unaudited condensed consolidated results of the Group for the three months ended 31 March 2021 (the "Review Period"), together with the unaudited comparative figures for the corresponding period in 2020, as follows:

	Note	For the three months ended 31 March	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	3	81,254	68,531
Other gains and income, net	4	5,001	1,407
Cost of inventories sold		(24,607)	(18,881)
Employee benefit expenses		(26,832)	(27,353)
Depreciation and amortisation		(18,712)	(20,930)
Royalty fees		(1,217)	(856)
Rental expenses		(1,795)	(1,329)
Utilities		(2,186)	(2,388)
Other operating expenses		(9,887)	(8,116)
<b>Operating profits/(loss)</b>		<b>1,019</b>	<b>(9,915)</b>
Finance income		–	7
Finance costs		(861)	(1,491)
Finance costs, net	5	(861)	(1,484)
Share of losses of associates		(202)	(508)
<b>Loss before income tax</b>		<b>(44)</b>	<b>(11,907)</b>
Income tax expense	6	(89)	(163)
Loss for the period		(133)	(12,070)
<b>(Loss)/profit for the period attributable to:</b>			
— Owners of the company		(256)	(10,620)
— Non-controlling interests		123	(1,450)
		(133)	(12,070)
<b>Losses per share attributable to owners of the company for the period (HK cents)</b>			
— Basic and diluted	8	(0.07)	(2.77)

# Condensed Consolidated Statement of Comprehensive Income

For the three months ended 31 March 2021

	For the three months ended 31 March	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
<b>Loss for the period</b>	<b>(133)</b>	(12,070)
<b>Other comprehensive income</b>		
<i>Items that may be reclassified to profit or loss</i>		
— Currency translation differences	<b>27</b>	45
<b>Total comprehensive loss for the period</b>	<b>(106)</b>	(12,025)
<b>Total comprehensive (loss)/income for the period attributable to:</b>		
— Owners of the company	<b>(239)</b>	(10,575)
— Non-controlling interests	<b>133</b>	(1,450)
	<b>(106)</b>	(12,025)

# Condensed Consolidated Statements of Changes in Equity

For the three months ended 31 March 2021

	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)								
<b>Balance at 1 January 2020</b>	38	100,980	(2,983)	(613)	(32,616)	64,806	9,833	74,639
<b>Comprehensive loss</b>								
Loss for the period	-	-	-	-	(10,620)	(10,620)	(1,450)	(12,070)
<b>Other comprehensive income</b>								
Currency translation differences	-	-	-	45	-	45	-	45
<b>Total comprehensive income/(loss)</b>	-	-	-	45	(10,620)	(10,575)	(1,450)	(12,025)
<b>Balance at 31 March 2020</b>	38	100,980	(2,983)	(568)	(43,236)	54,231	8,383	62,614
(Unaudited)								
<b>As at 1 January 2021</b>	<b>38</b>	<b>100,980</b>	<b>(2,983)</b>	<b>(186)</b>	<b>(45,525)</b>	<b>52,324</b>	<b>4,050</b>	<b>56,374</b>
<b>Comprehensive (loss)/income</b>								
(Loss)/profit for the period	-	-	-	-	(256)	(256)	123	(133)
<b>Other comprehensive income</b>								
Currency translation differences	-	-	-	18	-	18	9	27
<b>Total comprehensive income/(loss)</b>	-	-	-	18	(256)	(238)	132	(106)
<b>Balance at 31 March 2021</b>	<b>38</b>	<b>100,980</b>	<b>(2,983)</b>	<b>(168)</b>	<b>(45,781)</b>	<b>52,086</b>	<b>4,182</b>	<b>56,268</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 2021 (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 2020, 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 2020.

The Group has adopted the following new standards, interpretation and amendments to standards which are relevant to the Group’s operations and are mandatory for the financial period beginning on 1 January 2021:

Amendments to HKAS39, HKFRS 4, HKFRS 7,  
HKFRS 9 and HKFRS 16

Interest Rate Benchmark Reform — Phase 2  
(amendments)

The adoption of the above new standards, interpretation and amendments to standards did not have any significant financial impact on these 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	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Operation of restaurants, recognised at a point in time	80,424	68,165
Catering management and consultancy services, recognised overtime	830	366
	<b>81,254</b>	68,531

## 4 OTHER INCOME AND INCOME, NET

	For the three months ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Government grants	4,425	1,400
Sundry income	576	7
	<b>5,001</b>	1,407

## 5 FINANCE COSTS, NET

	For the three months ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Finance income</b>		
Interest income	-	7
<b>Finance cost</b>		
Interest expenses on bank borrowings	(88)	(177)
Interest expenses on lease liabilities	(773)	(1,314)
	<b>(861)</b>	(1,491)
Finance costs, net	<b>(861)</b>	(1,484)



# Notes to the Condensed Consolidated Financial Statements

## 6 INCOME TAX

Hong Kong profits tax is levied at progressive rates at 8.25% on the taxable income below HK\$2,000,000, and thereafter at a fixed rate at 16.5% for the periods ended 31 March 2021 and 2020.

## 7 DIVIDEND

No dividend has been paid or declared by the Company for the three months ended 31 March 2021.

## 8 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	
	2021 (Unaudited)	2020 (Unaudited)
Loss attributable to owners of the company (HK\$'000)	(256)	(10,620)
Weighted average number of ordinary shares in issues (in thousands)	384,000	384,000
Basic and diluted losses per share (HK cents)	(0.07)	(2.77)

### (b) Diluted

Diluted losses per share for the three months ended 31 March 2021 and 2020 were the same as the basic losses per share as there were no potential dilutive ordinary shares.

# 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 three months ended 31 March 2021, the Group had been principally engaged in operating full service 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 provided catering management and consultancy services in Hong Kong and the PRC.

## INDUSTRY OVERVIEW

The food and beverage sector has been continuing facing a difficult business environment due to the threat of the Coronavirus Disease 2019 (the “**COVID-19**”) infection and the regulations have substantial impacts on the restaurant business operation, such as the limiting of the restaurant seating capacity, persons limit per table and the adequate distance of 1.5 metres from one table to another, and the most crucial to the restaurants operations was the dine-in ban after 6 p.m. to 5 a.m. of next working day during the period from 1 January 2021 to 17 February 2021. The outlook down the road depends critically on how the situation of the COVID-19 infection will evolve and the future government policy on the subject matter as the inbound tourism remains at a standstill. Therefore, keeping the epidemic under control at the soonest possible with the concerted effort of the whole community is of pivotal importance to the recovery of such hard-hit sectors as the restaurants sector. The Group will continue to monitor the developments closely and will be cautious in running our business.

## BUSINESS REVIEW

### Hong Kong

As at 31 March 2021, the Group had a total of twelve restaurants under five self-owned brands, namely, Ta-ke, An Nam, Modern Shanghai, 10 Shanghai and Hokkaidon and three franchised or sub-licensed brands, namely, Mango Tree, Gonpachi and Paper Moon in Hong Kong.

During the three months ended 31 March 2021, a series of tightening social distancing measures including dine-in ban after 6 p.m. to 5 a.m. of the next working day, 2-person limit per table, 50% capacity seating limit had been in force during the period from 1 January 2021 to 17 February 2021 which led to destructive impacts on catering business. Subsequently, those controls proved to be effective with fewer infected cases were detected together with the compulsory testing in local areas, and the upcoming launched vaccination programme. As a result, from 18 February 2021 onwards, an extension of dine-in services at restaurants till 10 p.m. and seat up to four persons per table were in force. We launched a lot of promotions to cope with this resumption and the revenue was bound up quickly during the rest of the first quarter of 2021.

However, the closure of the border checkpoints was still in force in the Review Period, including Lo Wu, Lok Ma Chau, Huang Gang Port, and the Hong Kong Macau Ferry Terminal and the imposed restrictions on the border checkpoints that remain open at the airport, the Shenzhen Bay Bridge connecting Tin Shui Wai to Shenzhen, and the Hong Kong-Zhuhai-Macau Bridge have almost completely stopped all overseas and mainland visitors and affected the food and beverage business of Hong Kong.

# Management Discussion and Analysis

## The People's Republic of China ("PRC")

As at 31 March 2021, the Group has a total of three invested restaurants in the PRC with minority stake investment in each of their respective operating company, including 24.9% equity interests in each of the respective operating company of the two invested restaurants, namely Guangzhou Mango Tree Food & Beverage Co. Ltd (廣州芒果樹餐飲有限公司) and Guangzhou Ten Shanghai Food & Beverage Co. Ltd (廣州十里弄餐飲有限公司), and 15.0% equity interests in the operating company of one invested restaurant, namely Guangzhou Mango Tree (La Perle) Food & Beverage Co. Ltd. (廣州芒果樹麗柏餐飲有限公司). We also provided one-off pre-opening consultancy services and restaurant management services to these restaurants.

As the outbreak of the COVID-19 was in a better control in the PRC, the revenue of these restaurants were climbing on the healthy track accordingly. The Group will continue to monitor the relevant economic conditions and the ever-changing catering landscape, including the cost pressure and the increasing downward pressure of the domestic economy. However, the outlook down the road depends critically on how the situation of the COVID-19 infection will evolve in the PRC. The Group will continue to monitor the developments closely and will be cautious in running and expanding our PRC related business.

## FINANCIAL REVIEW

### Revenue

During the Review Period, approximately 99.0% of the Group's revenue was generated from the operation of restaurants in Hong Kong and approximately 1.0% of the Group's revenue was generated from the pre-opening consultancy and restaurant management services. As at 31 March 2021, the Group was operating twelve (2020: thirteen) restaurants, of which no (2020: no) restaurant was newly opened and no (2020: no) restaurant was closed down during the Review Period in Hong Kong.

The revenue increased by approximately 18.7% from approximately HK\$68.5 million for the three months ended 31 March 2020 to approximately HK\$81.3 million for the three months ended 31 March 2021.

The Group's restaurants 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			
	2021		2020	
	Revenue HK\$'000	% of total revenue from operation of restaurant (%)	Revenue HK\$'000	% of total revenue from operation of restaurant (%)
Japanese	22,267	27.7	16,163	23.7
Shanghainese	22,262	27.6	19,291	28.3
Thai	14,705	18.3	12,352	18.1
Vietnamese	10,760	13.4	10,123	14.9
Italian	10,430	13.0	10,236	15.0
Total revenue from operation of restaurants in Hong Kong	80,424	100.0	68,165	100.0

# Management Discussion and Analysis

## Japanese-style restaurants

The revenue generated from operation of Japanese-style restaurants increased by approximately HK\$6.1 million, or approximately 37.7%, from approximately HK\$16.2 million for the three months ended 31 March 2020 to approximately HK\$22.3 million for the three months ended 31 March 2021. Such increase was mainly contributed by the liberal marketing promotions and attractive discounted offers to stimulate the sales followed by the extension of dine-in services at restaurants till 10 p.m. from late February 2021, the sales revenue was bounded up quickly.

## Shanghainese-style restaurants

The revenue generated from operation of Shanghainese-style restaurants increased by approximately HK\$3.0 million, or approximately 15.5%, from approximately HK\$19.3 million for the three months ended 31 March 2020 to approximately HK\$22.3 million for the three months ended 31 March 2021. The increase in revenue mainly contributed by the new takeaway dishes offered during the dine-in restriction measures imposed to catering business till late February 2021.

## Thai-style restaurants

The revenue generated from operation of Thai-style restaurants increased by approximately HK\$2.3 million, or approximately 18.5%, from approximately HK\$12.4 million for the three months ended 31 March 2020 to approximately HK\$14.7 million for the three months ended 31 March 2021. The revenue stimulated by lots of marketing promotions and discounted offers to customers net off by the drop in revenue caused by the tightened social distancing measure of dine-in ban as mentioned above.

## Vietnamese-style restaurants

The revenue generated from operation of Vietnamese-style restaurants slightly increased by approximately HK\$0.7 million, or approximately 6.9%, from approximately HK\$10.1 million for the three months ended 31 March 2020 to approximately HK\$10.8 million for the three months ended 31 March 2021. Such increase was due to the rebounded revenue received following the extension of dine-in services at restaurants till 10 p.m. from late February 2021 but net off by the drop in revenue contribution from Petit An Nam (Yoho Midtown) Restaurant which was closed in November 2020.

## Italian-style restaurant

The revenue generated from operation of Italian-style restaurant slightly increased by approximately HK\$0.2 million, or approximately 2.0%, from approximately HK\$10.2 million for the three months ended 31 March 2020 to approximately HK\$10.4 million for the three months ended 31 March 2021. Such increase was mainly contributed by the increase in the pedestrian flow of the shopping mall where the restaurant located with a generous promotion net off by the revenue drop due to the tightened social distancing measure of dine-in ban as mentioned above.

## Cost of inventories sold

The cost of inventories consumed mainly represents the cost 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\$24.6 million and HK\$18.9 million for each of the three months ended 31 March 2021 and 2020, respectively, representing approximately 30.6% and 27.7% of the Group's total revenue generated from operation of restaurants for the corresponding periods. The increased cost of inventories sold as a percentage of revenue increased mainly contributable by the increasing promotions launched or discounted offers for sales stimulating measures.

# 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 decreased by approximately HK\$0.6 million, or approximately 2.2%, from approximately HK\$27.4 million for the three months ended 31 March 2020 to approximately HK\$26.8 million for the three months ended 31 March 2021. Such decrease was mainly due to the cost reduction measures coped with the tightened social distancing measures applied.

The Directors expect the staff costs will remain more stable and may slightly decrease as long as the downturn of the economy in Hong Kong continues.

The Directors recognise the importance of retaining quality staff while believing 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 and amortisation

The Group recorded depreciation and amortisation of approximately HK\$20.9 million and HK\$18.7 million for the three months ended 31 March 2020 and 2021, respectively for its right-of-use assets, leasehold improvements, furniture and fixtures, catering and other equipment and motor vehicle. The decrease in such expenses was partly due to the closure of the Petit An Nam (Yoho Midtown) Restaurant on 30 November 2020 with no depreciation charge incurred in the Review Period and the impact after the impairment provision on the right-of-use assets for our certain restaurant in 2020.

The depreciation charged on the right-of-use assets amounted to approximately HK\$14.8 million and HK\$13.8 million for the three months ended 31 March 2020 and 2021, respectively. The depreciation of the right-of-use assets was charged on a straight-line basis over the lease term. The lease terms of the leased premises are generally between two to six years, with some lease agreements providing an option for the Group to renew such lease terms, exercisable at our discretion.

The depreciation charged for the leasehold improvements amounted to approximately HK\$4.9 million and HK\$4.0 million, for the three months ended 31 March 2020 and 2021, respectively. The depreciation of the leasehold improvements was charged on a straight-line basis over the shorter of five years or the remaining lease terms. As a result, if the Group extended or renewed the lease term of the restaurants without incurring a renovation cost exceeding the original renovation costs of the relevant restaurants, the depreciation of leasehold improvements attributable to the relevant restaurant will be reduced.

As the Group intends to continue to open new restaurants and expand the restaurant network on a long term basis, the Directors expect the property rentals and related expenses as well as the depreciation charge on the right of use assets to increase generally in the future. Besides, the Directors will continue to look for better control in the property, rental and related expenses, such as entering into long-term rental agreements so as to maintain the rentals at a reasonable level.

## Rental expenses

The rental expenses, which mainly represent turnover rent and government rates, for the three months ended 31 March 2021 amounted to approximately HK\$1.8 million, representing an increase of approximately 38.5% as compared with that of the three months ended 31 March 2020 which amounted to approximately HK\$1.3 million. The increase was due to the increase in revenue of our certain restaurants.

# Management Discussion and Analysis

## Utility expenses

Utility expenses primarily consist of electricity, gas and water supplies of the Group. For the three months ended 31 March 2020 and 2021, the total utility expenses amounted to approximately HK\$2.4 million and HK\$2.2 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 increased from approximately HK\$8.1 million for the three months ended 31 March 2020 to approximately HK\$9.9 million for the three months ended 31 March 2021, representing an increase of approximately 22.2%. This was mainly attributable to the increase in expenses associated with the increase in sales revenue offset by the cost reduction measures for the period.

## Income tax expenses

The income tax expenses of the Group decreased from approximately HK\$0.2 million for three months ended 31 March 2020 to approximately HK\$0.1 million for the three months ended 31 March 2021.

## Finance costs

The Group's finance costs decreased from approximately HK\$1.5 million for the three months ended 31 March 2020 to approximately HK\$0.9 million for the three months ended 31 March 2021 principally due to the repayment of bank borrowings at the end of the second quarter of 2020.

## Loss for the period

The Group recorded a loss of approximately HK\$0.1 million for the three months ended 31 March 2021 as compared to a loss of approximately HK\$12.1 million for the corresponding period in 2020. The loss has been significantly offset by the government grants in the amount of approximately HK\$4.4 million received by the Group during the Review Period (2020: HK\$1.4 million).

The loss was mainly attributable to the further tightened social distancing measures of dine-in ban from 6 p.m. to 5 a.m. of the next working day and 2-person seating limit which were in force from 1 January 2021 to 17 February 2021, causing adverse impacts to the operation of restaurants.

Following the extension of dine-in services at restaurants till 10 p.m. and seat up to four persons per table from 18 February 2021 onwards, the sales bounded up quickly coped with our enlarged marketing promotions, resulted in reduction of loss for the period. Furthermore, the closure of Petit An Nam (Yoho Midtown) Restaurant on 30 November 2020 and the absence of factor leading to the temporary closure of a restaurant located in Festival Walk for a half month in 2020 whereas such restaurant was in full operations during the Review Period (except for the dine-in ban as mentioned above), the impact of which were partially offset by the increase in corresponding cost of inventories sold as a result of an improvement in operating results.

# Management Discussion and Analysis

## 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.

Due to the slowdown of economic growth in Hong Kong since 2019 and the outbreak of COVID-19 in the PRC and Hong Kong in 2020, all the planned investment projects were temporarily suspended in 2020. However, taking into account the latest economic development, change in consumer spending pattern, increase in vacancy rate of shopping centres and the fact that the Group has been more cautious in evaluating its expansion plans, the Group may consider opening new restaurants with different concepts, lower capital expenditures and/or more favourable rental package or rental concessions. On the other hand, in view of the improvement in the performance especially during the past few months in the PRC, the Group will place more effects and be proactive in identifying opportunities for the opening and management of new restaurants in the PRC with or without our minority stake investment in a cautious manner.

### **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 when the impact from COVID-19 is diminished and expect that there will be an increasing demand for restaurant consultancy services.

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 2021, 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 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)	75,268,800	Long	19.60%
Kwok Chi Po ("Mr. Kwok")	Interest in controlled corporation/beneficial owner (Note 2)	16,406,400	Long	4.27%
Leung Chi Tien Steve ("Mr. Leung")	Interest in controlled corporation (Note 3)	96,408,800	Long	25.11%
Chan Siu Wan ("Ms. Chan")	Interest of spouse (Note 4)	96,408,800	Long	25.11%

Notes:

- (1) Among the 75,268,800 shares, 60,000,000 shares and 11,176,800 shares were held by Perfect Emperor Limited and Inner Horizon Limited respectively which is respectively wholly owned by Mr. Kwan. As such, Mr. Kwan was deemed to be interested in all the shares held by Perfect Emperor Limited and Inner Horizon Limited pursuant to Part XV of the SFO. The remaining 4,092,000 shares were beneficially held by Mr. Kwan.
- (2) Among the 16,406,400 shares, 15,362,400 shares were held by P.S Hospitality Limited which is wholly owned by Mr. Kwok. As such, Mr. Kwok was deemed to be interested in all the shares held by P.S Hospitality Limited pursuant to Part XV of the SFO. The remaining 1,044,000 shares were beneficially held by Mr. Kwok.
- (3) Among the 96,408,800 shares, 73,728,800 shares were held by Sino Explorer Limited ("Sino Explorer") and 22,680,000 shares were 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 was deemed to be interested in all the shares held by Sino Explorer and All Victory pursuant to Part XV of the SFO.
- (4) Ms. Chan is the spouse of Mr. Leung and was deemed to be interested in the same number of shares held by Mr. Leung.



# Corporate Governance and Other Information

Save as disclosed above, as at 31 March 2021, 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 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.

## 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 2021, 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 would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were 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)	75,268,800	Long	19.60%
1957 & Co. Limited	Interest in controlled corporation (Note 2)	96,408,800	Long	25.11%
All Victory Global Limited	Beneficial owner (Note 2)	22,680,000	Long	5.91%
Sino Explorer Limited	Beneficial owner (Note 2)	73,728,800	Long	19.20%
Leung Shuk Yee Winnie ("Ms. Leung")	Interest in controlled corporation (Notes 3 & 4)	19,764,000	Long	5.15%
Pearl Global Development Limited	Beneficial owner (Note 3)	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 (Note 4)	19,764,000	Long	5.15%

# Corporate Governance and Other Information

Notes:

- (1) Ms. Kwan Wai Ling Alicia is the spouse of Mr. Kwan and was deemed to be interested in the same number of shares held by Mr. Kwan.
- (2) 1957 & Co. Limited holds 100% of equity interest in Sino Explorer and All Victory. Accordingly, 1957 & Co. Limited was deemed to be interested in 73,728,800 shares held by Sino Explorer and 22,680,000 shares held by All Victory.
- (3) Ms. Leung holds 99.99% of equity interest in Pearl Global Development Limited. Therefore, she was deemed to be interested in 19,764,000 shares held by Pearl Global Development Limited.
- (4) Mr. Poon is the husband of Ms. Leung and was deemed to be interested in the same number of shares held by Ms. Leung.

Save as disclosed above, as at 31 March 2021, 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 to the Company or the Stock Exchange 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 (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 of the Company dated 23 November 2017 (the “**Prospectus**”). The remaining life of the Share Option Scheme is approximately 6 years and 6 months.

Up to 31 March 2021, 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 and Other Information

## 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.

## REQUIRED STANDARD OF DEALINGS FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 2021. 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 2021 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 2021 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 2021.

## 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 2021.

# Corporate Governance and Other Information

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## 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, 6 May 2021

*As of the date of this report, the executive Directors are Mr. Kwok Chi Po, Mr. Kwan Wing Kuen Tino and Mr. Lau Ming Fai; the non-executive Directors are Mr. Leung Chi Tien Steve and Ms. Chan Siu Wan; and the independent non-executive Directors are Mr. How Sze Ming, Mr. Ng Wai Hung and Mr. Chan Kam Kwan Jason.*