



# 1957 & Co. (Hospitality) Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8495

## First Quarterly Report 2018



## **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 2018:

- the Group opened one new restaurant namely 10 Shanghai Restaurant and relocated Sushi Ta-ke Restaurant to a shopping mall in Causeway Bay and renamed as Ta-ke Restaurant;
- the Group recorded unaudited revenue of approximately HK\$75.6 million, representing an increase of approximately 29.7% as compared to the corresponding period ended 31 March 2017;
- the Group recorded unaudited adjusted operating loss of approximately HK\$8.2 million (2017: adjusted operating profit of approximately HK\$1.7 million) before the effects of Listing expenses;
- the Group recorded an unaudited loss and total comprehensive loss for the three months ended 31 March 2018 attributable to owners of the Company of approximately HK\$7.0 million (2017: HK\$3.9 million) after the effects of Listing expenses of nil (2017: HK\$4.7 million); and
- the Board did not recommend payment of any dividend for the three months ended 31 March 2018.

# Condensed Consolidated Statement of Comprehensive Income

For the three months ended 31 March 2018

## FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2018 (UNAUDITED)

The Directors of 1957 & Co. (Hospitality) Limited is pleased to announce the condensed consolidated results of the Group for the three months ended 31 March 2018, together with the unaudited comparative figures for the corresponding period in 2017, as follows:

	Note	For the three months ended 31 March	
		2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Revenue	3	75,618	58,298
Other income and (losses)/gains, net		175	(93)
Cost of inventories sold		(19,707)	(15,638)
Employee benefit expenses		(29,493)	(20,137)
Depreciation, amortisation and impairment		(18,370)	(11,725)
Royalty fees		(1,217)	(747)
Rental expenses		(2,681)	(1,194)
Utilities		(2,275)	(1,507)
Other operating expenses		(10,246)	(5,551)
Listing expenses		–	(4,675)
<b>Operating loss</b>		<b>(8,196)</b>	<b>(2,969)</b>
Finance income		5	–
Finance costs		(1,705)	(957)
Finance costs, net		(1,700)	(957)
Share of losses of associates		(4)	(4)
<b>Loss before income tax</b>		<b>(9,900)</b>	<b>(3,930)</b>
Income tax expense	4	(19)	(131)
Loss and total comprehensive loss for the period		(9,919)	(4,061)
<b>Loss and total comprehensive loss for the period attributable to:</b>			
— Owners of the company		(7,012)	(3,868)
— Non-controlling interests		(2,907)	(193)
		(9,919)	(4,061)
<b>Losses per share attributable to owners of the company for the period (expressed in HK cents per share)</b>			
— Basic and diluted	6	(2.19)	(1.61)

# Condensed Consolidated Statements of Changes in Equity

For the three months ended 31 March 2018

	Attributable to the owners of the Company						Non-controlling interest	Total equity
	Share capital	Share premium	Capital reserve	Exchange reserve	Accumulated losses	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
(Unaudited)								
As at 1 January 2017	–	46,483	(2,983)	–	(1,713)	41,787	6,019	47,806
Loss and total comprehensive income for the period	–	–	–	–	(3,868)	(3,868)	(193)	(4,061)
Capitalisation of loans from shareholders and non-controlling shareholder of subsidiary	–	–	–	–	–	–	(40)	(40)
As at 31 March 2017	–	46,483	(2,983)	–	(5,581)	37,919	5,786	43,705
<b>(Unaudited)</b>								
<b>As at 1 January 2018</b>	<b>32</b>	<b>86,773</b>	<b>(2,983)</b>	<b>(2)</b>	<b>(12,807)</b>	<b>71,013</b>	<b>19,980</b>	<b>90,993</b>
<b>Loss and total comprehensive income for the period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(7,012)</b>	<b>(7,012)</b>	<b>(2,907)</b>	<b>(9,919)</b>
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	1,520	1,520
<b>As at 31 March 2018</b>	<b>32</b>	<b>86,773</b>	<b>(2,983)</b>	<b>(2)</b>	<b>(19,819)</b>	<b>64,001</b>	<b>18,593</b>	<b>82,594</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 1004, 10/F, Tung Chiu Commercial Centre, 193 Lockhart Road, Wanchai, 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.

These financial statements are presented in thousands of Hong Kong dollars (“HK\$’000”), unless otherwise stated.

## 2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated first quarterly 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.

These unaudited condensed consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements of the Group for the year ended 31 December 2017.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements are consistent with those adopted in preparing the annual audited consolidated financial statements for the year ended 31 December 2017, except for the application of the following new or revised Hong Kong Financial Reporting Standards (“**new HKFRSs**”) issued by the HKICPA which have become effective in the current period.

HKAS 28 (Amendment)	Investments in associates and joint ventures
HKAS 40 (Amendments)	Transfer of investment property
HKFRS 1 (Amendment)	First time adoption of HKFRS
	Classification and Measurement of Share-Based Payment
HKFRS 2 (Amendments)	Transactions
	Applying HKFRS 9 Financial instruments with HKFRS 4
HKFRS 4 (Amendments)	Insurance contracts
HKFRS 9	Financial Instruments
HK(IFRIC)-Int22	Foreign Currency Transactions and Advance Consideration

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	
	2018 HK\$'000	2017 HK\$'000
Operation of restaurants	74,968	57,441
Catering management and consultancy services	650	857
	<b>75,618</b>	58,298

## 4 INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profit for the three months ended 31 March 2018.

## 5 DIVIDEND

No dividend has been paid or declared by the Company for the three months ended 31 March 2018.

## 6 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	
	2018 (Unaudited)	2017 (Unaudited)
Loss attributable to owners of the Company (HK\$'000)	(7,012)	(3,868)
Weighted average number of ordinary shares in issue (in thousands)	320,000	240,000
Basic and diluted losses per share (HK cents)	(2.19)	(1.61)

Note:

The weighted average number of shares in issue for the three months ended 31 March 2017 for the purpose of loss per share computation has been retrospectively adjusted for the effect of the 239,900,000 shares issued under the capitalisation issue on 6 November 2017.

### (b) Diluted

Diluted losses per share for the three months ended 31 March 2018 and 2017 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 2018, 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

During the three months ended 31 March 2018 (the “**Review Period**”), the Group has opened one new restaurant namely 10 Shanghai Restaurant on 28 January 2018. Meanwhile, the Group has also closed the Sushi Ta-ke Restaurant in Cubus, Causeway Bay upon expiring of its lease, the restaurant was then relocated to Lee Garden and renamed as Ta-ke Japanese Restaurant (“**Ta-Ke**”) on 28 March 2018, serving a more variety of quality Japanese food.

As at 31 March 2018, the Group had a total of twelve restaurants under five self-owned brands, 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 Review Period, none of our restaurants had undergone significant renovation.

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.

## FINANCIAL REVIEW

### Revenue

During the Review Period, approximately 99.1% of the Group’s revenue was generated from the operation of restaurants in Hong Kong and approximately 0.9% of the Group’s revenue was generated from the pre-opening consultancy and restaurant management services. As at 31 March 2018, the Group was operating twelve (2017: nine) restaurants, of which one (2017: one) restaurant was newly opened, one (2017: no) restaurant was relocated and renamed and no (2017: no) restaurant was closed down during the Review Period.

The revenue of the Group increased by approximately 29.7% from approximately HK\$58.3 million for the three months ended 31 March 2017 to approximately HK\$75.6 million for the three months ended 31 March 2018. The increase in revenue in comparison was principally due to the increased number of restaurants in operation during the Review Period.



# Management Discussion and Analysis

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			
	2018		2017	
	Revenue HK\$'000	% of total revenue (%)	Revenue HK\$'000	% of total revenue (%)
Vietnamese	18,674	24.9	17,728	30.9
Thai	19,485	26.0	16,580	28.9
Japanese	14,898	19.9	17,357	30.2
Shanghainese	12,346	16.5	5,776	10.0
Italian	9,565	12.7	–	–
Total	74,968	100	57,441	100

## Vietnamese-style restaurants

The revenue generated from operation of Vietnamese-style restaurants increased by approximately HK\$1.0 million, or approximately 5.3%, from approximately HK\$17.7 million for the three months ended 31 March 2017 to approximately HK\$18.7 million for the three months ended 31 March 2018. Such increase was due to reengineering of the menu of one of the restaurants in Yuen Long to cater for our targeted customers as well as better overall performance of other Vietnamese-style restaurants.

## Thai-style restaurants

The revenue generated from operation of Thai-style restaurants increased by approximately HK\$2.9 million, or approximately 17.5%, from approximately HK\$16.6 million for the three months ended 31 March 2017 to approximately HK\$19.5 million for the three months ended 31 March 2018. Such increase was mainly due to the contribution from a new Thai restaurant opened in July of 2017.

## Japanese-style restaurants

The revenue generated from operation of Japanese-style restaurants decreased by approximately HK\$2.5 million, or approximately 14.2%, from approximately HK\$17.4 million for the three months ended 31 March 2017 to approximately HK\$14.9 million for the three months ended 31 March 2018. Such decrease was resulted from the less number of days with business operations due to the closure of Sushi Ta-Ke restaurant in Cubus Causeway Bay since 15 February 2018 upon expiring of its lease, while the renamed new Ta-Ke restaurant was relocated and only opened on 28 March 2018.

## Shanghainese-style restaurant

The revenue generated from operation of Shanghainese-style restaurant increased by approximately HK\$6.6 million, or approximately 113.7%, from approximately HK\$5.8 million for the three months ended 31 March 2017 to approximately HK\$12.3 million for the three months ended 31 March 2018. Such increase was mainly contributed by the revenue derived from 10 Shanghai Restaurant, which was opened on 28 January 2018, and the increase in revenue of our Modern Shanghai Restaurant located in YOHO Mall. The pedestrian flow of YOHO Mall was enhanced since the opening of a new MTR exit connecting to the mall in July 2017.

# Management Discussion and Analysis

## Italian-style restaurants

The revenue generated from operation of Italian-style restaurants was approximately HK\$9.6 million for the three months ended 31 March 2018. It was contributed by the revenue from an Italian restaurant namely Paper Moon Restaurant, which started its operation in third quarter of 2017.

## 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\$15.6 million and HK\$19.7 million for each of the three months ended 31 March 2017 and 2018, respectively, representing approximately 26.8% and 26.1% of the Group's total revenue generated from operation of restaurants for the corresponding periods. 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\$20.1 million for the three months ended 31 March 2017 to approximately HK\$29.5 million for the three months ended 31 March 2018, representing an increase of approximately 46.5% in comparison. Such increase was mainly due to the expansion of the restaurant portfolio of the Group and the increase in the number of staff in relation thereto. As at 31 March 2018, the Group had 325 full-time and 68 part-time employees (2017: 258 full-time and 29 part-time employees). Moreover, given that 10 Shanghai Restaurant and Ta-ke Japanese Restaurant were opened during the Review Period, certain staff costs were incurred prior to the opening of the restaurants.

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 three months ended 31 March 2018 amounted to approximately HK\$2.7 million, representing an increase of approximately 124.5% as compared with that of the three months ended 31 March 2017 which amounted to approximately HK\$1.2 million. Such increase was mainly due to increase in turnover rent and Government rates as the number of restaurants in operation has increased 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 2018 and 2017, the total utility expenses amounted to approximately HK\$2.3 million and HK\$1.5 million, respectively. Such increase was mainly due to the increased number of restaurants operated during the Review Period.

# Management Discussion and Analysis

## Other operating expenses

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

The other operating expenses increased from approximately HK\$5.6 million for the three months ended 31 March 2017 to approximately HK\$10.2 million for the three months ended 31 March 2018, representing an increase of approximately 84.5%. This was mainly incurred from the two new restaurants of approximately HK\$3.3 million during the three months ended 31 March 2018.

## Depreciation, amortisation and impairment

Depreciation, amortisation and impairment of approximately HK\$11.7 million and HK\$18.4 million for the three months ended 31 March 2017 and 2018, respectively were recorded by the Group for its right-of-use assets, leasehold improvements, furniture and fixtures, catering and other equipment. The increase in such expense was mainly due to increase in number of new restaurants when compared to the same period in 2017.

## Income tax expenses

The income tax expenses decreased from approximately HK\$131,000 for the three months ended 31 March 2017 to approximately HK\$19,000 for the three months ended 31 March 2018.

## Finance costs

The Group's finance costs increased from approximately HK\$1.0 million for the three months ended 31 March 2017 to approximately HK\$1.7 million for the three months ended 31 March 2018 due to the increased amount of loan borrowings from the banks compared to that of the same period in 2017 as well as increase in finance cost aroused from right-of-use assets for the new leases entered for the new restaurants.

## Loss for the period

The Group recorded a loss of approximately HK\$9.9 million for the three months ended 31 March 2018 as compared to a loss of approximately HK\$4.1 million for the corresponding period in 2017. The loss was mainly attributable to the pre-opening expenses and operating losses of approximately HK\$8.5 million of the two new restaurants 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. Specifically, we plan to open or invest in and manage seven new restaurants (three in Hong Kong and four in the PRC) in the year ending 31 December 2018, of which two restaurants have been opened in Hong Kong in the first quarter of 2018. 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.

# Management Discussion and Analysis

## 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 currently intend to open another Hokkaidon restaurant in 2018 in Hong Kong.

## Mango Tree Café

Leveraging on the success of launching our Mango Tree Café (Taikoo) Restaurant, we further opened another Mango Tree Café (YOHO) Restaurant in July 2017 in YOHO Mall.

We also plan to expand the restaurant network of Mango Tree in the PRC by opening a Mango Tree restaurant and one Mango Tree Café restaurant in Guangzhou in 2018. We intend to manage all the new restaurants, and hold minority stake in the companies to be set up to hold new restaurants in the PRC.

## Paper Moon

Following the closure of our Bella Vita Restaurant, we have decided to relaunch Italian cuisine within our portfolio through a new sub-licensed or franchise brand. In March 2017, we entered into the Paper Moon Sub-license Agreement with the licensee of "Paper Moon", a brand originated from Milan. Our Paper Moon Restaurant, which was the first restaurant under this sub-licensed brand, was opened in September 2017 in Harbour City.

## Ta-ke

For the three months ended 31 March 2018, we refined the brand image of our Sushi Ta-ke Restaurant as a new restaurant under the "Ta-ke" brand which offers a broader variety of fine-dining Japanese cuisine, namely Ta-ke Japanese Restaurant. Ta-ke Japanese Restaurant offers three major types of Japanese speciality cuisines namely (i) teppanyaki, (ii) tempura, and (iii) sushi and sashimi. Given the wider cuisine offering, we would require additional space to cater for the equipments and cooking facilities. We have relocated our Sushi Ta-ke Restaurant from Cubus to Lee Garden Two, which has a higher pedestrian flow. The restaurant has commenced its operation on 28 March 2018.

In accordance with the plan as stated in the Prospectus, Sushi Ta-ke Restaurant in Cubus was closed following the end of the relevant lease term.

## Modern Shanghai and 10 Shanghai

In addition to the opening of Ta-ke during the three months ended 31 March 2018, we also developed a senior brand under the Modern Shanghai concept which serves upscale Shanghainese dishes with a more sophisticated layout as compared to our Modern Shanghai Restaurant, namely "10 Shanghai". The restaurant has commenced its operation on 28 January 2018.

To further expand the restaurant network of our Modern Shanghai brand, we also target to open two new restaurants in Guangzhou in 2018. We intend to manage all these new restaurants, and hold a minority stake in the companies to be set up to operate the new restaurants in the PRC.

## 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 intend to establish 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 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 2018, 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	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 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 2018, 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.

# 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 2018, 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%

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.

# Corporate Governance and Other Information

Save as disclosed above, as at 31 March 2018, 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 9 years and 6 months.

Up to 31 March 2018, 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 report).

# Corporate Governance and Other Information

## 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 2018. The Audit Committee is of the view that the 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 2018 are unaudited.

## EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 March 2018 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 2018.

## 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 2018.

## 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 2018

*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.*