1957 & Co. (Hospitality) Limited

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 8495

First Quarterly Report 2023

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

This report, for which the directors (the "**Director(s)**") 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 2023:

- the Group recorded unaudited revenue of approximately HK$112.7 million, representing an increase of approximately 153.8% as compared to the corresponding period in 2022;

- the Group recorded an unaudited adjusted loss before tax and government grants of approximately HK$9.6 million (2022: HK$19.4 million); and

- the Group recorded an unaudited loss attributable to the owners of the Company of approximately HK$10.6 million (2022: HK$14.9 million).

Condensed Consolidated Income Statement

For the three months ended 31 March 2023

FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2023 (UNAUDITED)

The board (the "**Board**") of Directors of the Company is pleased to announce the unaudited condensed consolidated results of the Group for the three months ended 31 March 2023 (the "**Review Period**"), together with the unaudited comparative figures for the corresponding period in 2022, as follows:

	Note	**For the three months ended 31 March**	
		2023	2022
		HK$'000	HK$'000
		(Unaudited)	(Unaudited)
Revenue	3	**112,732**	44,447
Other gains and income, net	4	**1,614**	5,308
Cost of inventories sold		**(31,628)**	(14,320)
Employee benefit expenses		**(44,216)**	(26,413)
Depreciation and amortisation		**(21,523)**	(13,540)
Royalty fees		**(1,743)**	(604)
Rental expenses		**(2,119)**	(1,004)
Utilities		**(3,321)**	(2,095)
Other operating expenses		**(16,806)**	(8,102)
Operating loss		**(7,010)**	(16,323)
Finance income		**185**	–
Finance costs		**(2,580)**	(504)
Finance costs, net	5	**(2,395)**	(504)
Share of losses of associates		**(244)**	(338)
Loss before income tax		**(9,649)**	(17,165)
Income tax expense	6	**(606)**	–
Loss for the period		**(10,255)**	(17,165)
(Loss)/profit for the period attributable to:			
— Owners of the Company		**(10,605)**	(14,932)
— Non-controlling interests		**350**	(2,233)
		(10,255)	(17,165)
Losses per share attributable to the owners of the Company for the period (HK cents)			
— Basic and diluted	8	**(2.76)**	(3.89)

Condensed Consolidated Statement of Comprehensive Income

For the three months ended 31 March 2023

	For the three months ended 31 March 2023 HK$'000 (Unaudited)	2022 HK$'000 (Unaudited)
Loss for the period	**(10,255)**	(17,165)
Other comprehensive income		
Items that may be reclassified to profit or loss		
— Currency translation differences	**45**	24
— Share of other comprehensive income of associates accounted for using equity method	**5**	14
Total comprehensive loss for the period	**(10,205)**	(17,127)
Total comprehensive (loss)/income for the period attributable to:		
— Owners of the Company	**(10,555)**	(14,894)
— Non-controlling interests	**350**	(2,233)
	(10,205)	(17,127)

Condensed Consolidated Statements of Changes in Equity

For the three months ended 31 March 2023

	Attributable to the owners of the Company							
	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interest HK$'000	Total equity HK$'000
(Unaudited)								
Balance at 1 January 2022	38	100,980	(2,983)	(25)	(32,360)	65,650	7,217	72,867
Comprehensive loss								
Loss for the period	–	–	–	–	(14,932)	(14,932)	(2,233)	(17,165)
Other comprehensive income								
Currency translation differences	–	–	–	24	–	24	–	24
Share of other comprehensive income of associates accounted for using the equity method	–	–	–	14	–	14	–	14
Total comprehensive income/(loss)	–	–	–	38	(14,932)	(14,894)	(2,233)	(17,127)
Balance at 31 March 2022	38	100,980	(2,983)	13	(47,292)	50,756	4,984	55,740
(Unaudited)								
As at 1 January 2023	**38**	**100,980**	**(2,983)**	**(426)**	**(32,893)**	**64,716**	**11,065**	**75,781**
Comprehensive (loss)/income								
(Loss)/profit for the period	**–**	**–**	**–**	**–**	**(10,605)**	**(10,605)**	**350**	**(10,255)**
Other comprehensive income								
Currency translation differences	**–**	**–**	**–**	**45**	**–**	**45**	**–**	**45**
Share of other comprehensive income of associates accounted for using the equity method	**–**	**–**	**–**	**5**	**–**	**5**	**–**	**5**
Total comprehensive income/(loss)	**–**	**–**	**–**	**50**	**(10,605)**	**(10,555)**	**350**	**(10,205)**
Transaction with owners								
Repayment of shareholders loan	**–**	**–**	**–**	**–**	**–**	**–**	**(3,430)**	**(3,430)**
Total transaction with owners	**–**	**–**	**–**	**–**	**–**	**–**	**(3,430)**	**(3,430)**
Balance at 31 March 2023	**38**	**100,980**	**(2,983)**	**(376)**	**(43,498)**	**54,161**	**7,985**	**62,146**

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 33/F., Times Tower, 391–407 Jaffe 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 2023 (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 the 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 2022, 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 2022.

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 2023:

Amendment to HKAS 1	Classification of Liabilities as Current or Non-current (amendments)
HKFRS 17	Insurance Contracts
HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies (amendments)
HKAS 8	Definition of Accounting Estimates (amendments)
HKAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (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	
	2023	2022
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Operation of restaurants, recognised at a point in time	**112,732**	44,032
Catering management and consultancy services, recognised overtime	**–**	415
	112,732	44,447

4 OTHER GAINS AND INCOME, NET

	For the three months ended 31 March	
	2023	2022
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Government grants	**48**	2,200
Sundry income	**1,542**	3,108
Gain on disposal of property, plant and equipment	**24**	–
	1,614	5,308

5 FINANCE COSTS, NET

	For the three months ended 31 March 2023 HK$'000 (Unaudited)	2022 HK$'000 (Unaudited)
Finance income		
Interest income	**49**	–
Imputed interest income on deposit paid	**136**	–
	185	–
Finance cost		
Interest expenses on bank borrowings	**(468)**	(40)
Interest expenses on lease liabilities	**(2,112)**	(464)
	(2,580)	(504)
Finance costs, net	**(2,395)**	(504)

6 INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5%. For the three months ended 31 March 2023 and 2022, tax concession relates to tax reduction of tax payable under two-tiered profits rates regime capped at HK$165,000 for one of the Hong Kong incorporated entities of the Group.

7 DIVIDEND

No dividend has been paid or declared by the Company for the three months ended 31 March 2023.

8 LOSSES PER SHARE

(a) Basic

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

	For the three months ended 31 March	
	2023	2022
	(Unaudited)	(Unaudited)
Loss attributable to the owners of the Company (HK$'000)	**(10,605)**	(14,932)
Weighted average number of ordinary shares in issues (in thousands)	**384,000**	384,000
Basic and diluted losses per share (HK cents)	**(2.76)**	(3.89)

(b) Diluted

Diluted losses per share for the three months ended 31 March 2023 and 2022 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 Review Period, 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 People's Republic of China (the "**PRC**").

BUSINESS REVIEW

Hong Kong

During the Review Period, the Group opened one new restaurant in Hong Kong, namely Gonpachi restaurant at One Peking in Tsimshatsui, and relocated two restaurants namely An Nam restaurant and Gonpachi restaurant, from Lee Garden One to Lee Garden Two in Causeway Bay.

As at 31 March 2023, the Group had a total number of 14 restaurants under five self-owned brands, namely, Akanoshou, 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 Review Period, none of our restaurants had undergone significant renovation.

The PRC

As at 31 March 2023, the Group had a total number of three invested restaurants in the PRC with minority stake investment in each of their respective operating company, including 24.9% equity interests of Guangzhou Mango Tree Food & Beverage Co. Ltd (廣州芒果樹餐飲有限公司), 24.9% equity interests of Guangzhou Ten Shanghai Food & Beverage Co. Ltd (廣州十里弄餐飲有限公司) and 15.0% equity interests of 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.

The Group did not open nor invest in any new restaurant during the Review Period. The Company will continue to closely monitor the performances of its minority stake invested restaurants in the PRC.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

During the Review Period, all of the Group's revenue was generated from the operation of restaurants in Hong Kong. As at 31 March 2023, the Group was operating 14 (31 March 2022: 12) restaurants, of which one (31 March 2022: Nil) restaurant was newly opened and two (31 March 2022: Nil) restaurants were relocated during the Review Period in Hong Kong.

The revenue increased substantially by approximately 153.8% from approximately HK$44.4 million for the three months ended 31 March 2022 to approximately HK$112.7 million for the Review Period.

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			
	2023		2022	
	Revenue HK$'000	**% of total revenue from operation of restaurant (%)**	Revenue HK$'000	% of total revenue from operation of restaurant (%)
Shanghainese	**37,054**	**32.9**	14,306	32.5
Japanese	**27,356**	**24.3**	11,232	25.5
Thai	**20,339**	**18.0**	8,087	18.4
Vietnamese	**14,235**	**12.6**	4,590	10.4
Italian	**13,748**	**12.2**	5,817	13.2
Total revenue from operation of restaurants in Hong Kong	**112,732**	**100.0**	44,032	100.0

Shanghainese-style restaurants

The revenue generated from operation of Shanghainese-style restaurants increased by approximately HK$22.8 million, or approximately 159.4%, from approximately HK$14.3 million for the three months ended 31 March 2022 to approximately HK$37.1 million for the Review Period. The increase in revenue was mainly attributable to the revenue generated from Modern Shanghai East Point City which was opened in late July 2022 and the sales revenue bounced back after all social distancing measures on catering business were lifted.

Japanese-style restaurants

The revenue generated from operation of Japanese-style restaurants increased by approximately HK$16.2 million, or approximately 144.6%, from approximately HK$11.2 million for the three months ended 31 March 2022 to approximately HK$27.4 million for the Review Period. The increase was mainly due to the sales revenue generated from the new Gonpachi restaurant in Tsimshatsui and the sales revenue bounced back after all social distancing measures on catering business were lifted.

Thai-style restaurants

The revenue generated from operation of Thai-style restaurants increased by approximately HK$12.2 million, or approximately 150.6%, from approximately HK$8.1 million for the three months ended 31 March 2022 to approximately HK$20.3 million for the Review Period. The increase was mainly because the sales revenue bounced back after all social distancing measures on catering business were lifted.

Vietnamese-style restaurants

The revenue generated from operation of Vietnamese-style restaurants increased by approximately HK$9.6 million, or approximately 208.7%, from approximately HK$4.6 million for the three months ended 31 March 2022 to approximately HK$14.2 million for the Review Period. The increase was mainly because the sales revenue bounced back after all social distancing measures on catering business were lifted.

Italian-style restaurant

The revenue generated from operation of Italian-style restaurant increased by approximately HK$7.9 million, or approximately 136.2%, from approximately HK$5.8 million for the three months ended 31 March 2022 to approximately HK$13.7 million for the Review Period. The increase was mainly because the sales revenue bounced back after all social distancing measures on catering business were lifted.

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 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$31.6 million and HK$14.3 million for the Review Period and the three months ended 31 March 2022, respectively, representing approximately 28.0% and 32.5% of the Group's total revenue generated from operation of restaurants for the corresponding periods. The cost of inventories sold as a percentage of revenue decreased, mainly contributed by cost reduction measures.

Staff costs

Staff costs primarily consist of salaries, wages and allowances, pension costs and other employee benefits, and are one of the largest components of the operating expenses of the Group. The staff costs increased by approximately HK$17.8 million, or approximately 67.4%, from approximately HK$26.4 million for the three months ended 31 March 2022 to approximately HK$44.2 million for the Review Period. Such increase was mainly due to the additional labour forces for the new Modern Shanghai restaurant in East Point City and Gonpachi restaurant in Tsimshatsui and the maintaining of relatively sufficient staff level for our restaurants during the Review Period as compared to the minimal usage of staff (especially the casual staff) during the corresponding period in 2022 with dine-in services ban during dinner session.

Due to the general increase in labour cost in Hong Kong and the salary level of employees in the catering industry in Hong Kong in the previous years, the Board expects the staff costs will slightly increase as long as the recovery of the economy in Hong Kong continues.

The Board recognises 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.

Management Discussion and Analysis

Depreciation and amortisation

The Group recorded depreciation and amortisation of approximately HK$13.5 million and HK$21.5 million for the three months ended 31 March 2022 and 2023, respectively for its right-of-use assets, leasehold improvements, furniture and fixtures, catering and other equipment, motor vehicle and intangible assets. The increase in such expenses was mainly contributed by the new leases and additions of property, plant and equipment acquired for five new restaurants as compared to the same period in 2022.

The depreciation charged on the right-of-use assets amounted to approximately HK$10.6 million and HK$17.2 million for the three months ended 31 March 2022 and 2023, 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 one 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$2.4 million and HK$3.4 million, for the three months ended 31 March 2022 and 2023, respectively. The depreciation of the leasehold improvements was charged on a straight-line basis over the shorter of six 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 Board expects 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 Board 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 are mainly comprised of turnover rent and government rates, for the Review Period amounted to approximately HK$2.1 million, representing an increase of approximately 110% as compared with that for the three months ended 31 March 2022 which amounted to approximately HK$1.0 million. The increase was due to the increase in revenue of our restaurants which led to an increase in turnover rent incurred.

Utility expenses

Utility expenses primarily consist of electricity, gas and water supplies of the Group. For the three months ended 31 March 2022 and 2023, the total utility expenses amounted to approximately HK$2.1 million and HK$3.3 million, respectively. The increase in utilities expenses was mainly due to the increase of number of restaurants operated compared to the corresponding period in 2022.

Other operating expenses

The other operating expenses are mainly comprised of 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 2022 to approximately HK$16.8 million for the Review Period, representing an increase of approximately 107.4%. This increase was mainly attributable to the cost increment in line with the increase of sales revenue and the increase of number of restaurants in operation. During the Review Period, the Group also recorded certain amounts of promotion expenses and restaurant supplies and consumables for the new Akanoshou restaurant in Causeway Bay, the new Gonpachi restaurant in Tsimshatsui and the relocated An Nam restaurant and Gonpachi restaurant in Causeway Bay. Followed by the early termination of the lease in Lee Garden One (the previous location of our An Nam restaurant and Gonpachi restaurant) and the expiry of leases in Yoho Mall and Cityplaza (the previous locations of our Mango Tree Café and Mango Tree restaurant, respectively) in 2023, the Group also recorded approximately HK$3.6 million one-off reinstatement cost during the Review Period.

Income tax expenses

The Group recorded income tax expenses of approximately HK$0.6 million for the Review Period (for the three months ended 31 March 2022: Nil).

Finance costs

The Group's finance costs increased from approximately HK$0.5 million for the three months ended 31 March 2022 to approximately HK$2.6 million for the Review Period. The increase in finance cost was mainly attributable to the increase in bank borrowings in line with the hike interest rate and the finance cost incurred for new leases.

Loss for the period

The Group recorded a loss of approximately HK$10.3 million for the Review Period as compared to a loss of approximately HK$17.2 million for the corresponding period in 2022. The loss has been offset by the government grants in the amount of approximately HK$0.04 million received by the Group during the Review Period (for the three months ended 31 March 2022: HK$2.2 million).

The loss was mainly attributable to the operating loss incurred for our two newly opened restaurants, namely Akanoshou restaurant in Causeway Bay and Gonpachi restaurant in Tsimshatsui, and two relocated restaurants, namely An Nam restaurant and Gonpachi restaurant in Causeway Bay, of which they incurred for approximately HK$4.6 million of pre-opening expenses. Such pre-opening expenses, including rental expenses, staff costs, marketing expenses and promotion expenses incurred for the grand opening party, were non-recurring in nature. Followed by the early termination of the lease in Lee Garden One (the previous location of our An Nam restaurant and Gonpachi restaurant), the Group recorded approximately HK$2.4 million of reinstatement cost which contributed to the loss incurred for the period. With the expiry of the leases in Yoho Mall and Cityplaza (the previous locations of our Mango Tree Café and Mango Tree restaurant, respectively), the Group recorded approximately HK$1.2 million of reinstatement cost. Such loss for the period was netted off by the sales revenue bounced after all social distancing measures on catering business were lifted.

PROSPECT

As disclosed in the 2022 annual report of the Company, the Group decided to refine its business direction, striking for a balance between capital intensive business and less capital intensive business areas.

The following three companies will focus on less capital intensive businesses with diversified new income stream to the Group.

A new non-wholly owned subsidiary focusing on food supply chain business has been established in March 2023, namely 1957 Food Supply Chain Company Limited. This non-wholly owned subsidiary will dedicate to sourcing and selecting fine fresh food, including meats, vegetables, fruits, globally and reselling to wholesalers and restaurants. New income is expected to be generated from the wholesale business margin. This aims at upward penetrating into the food supplies and a commitment towards the selection of finest quality of food products by the Group.

A new wholly-owned subsidiary has also been established in late March 2023 focusing on overseas' sub-franchising business, namely 1957 & Co. (Overseas) Limited. This subsidiary will dedicate to providing brands and catering management services to corporates or individuals for new restaurants opening in South East Asia. New income is expected to be generated from consultation, royalty and management fees from restaurants.

Management Discussion and Analysis

The Group is also planning to expand the business function of a wholly-owned subsidiary, 1957 & Co. (Shenzhen) Restaurant Management Limited, to sub-franchising business in the PRC. This subsidiary will dedicate to providing brands and catering management services to corporates and individuals for new restaurants opening in the PRC. New income is expected to be generated from consultation, royalty and management fees from restaurants.

The Group has been actively exploring other business opportunities in order to diversify the existing businesses of the Group and to explore new markets with significant growth potential. The Company is currently exploring suitable opportunities to commence and develop business of food trading in Hong Kong and in the PRC with a view to maximising the return to our investors.

In view of the current economic and capital markets environment, the Group believes that engaging in the potential new business is an opportunity for the Group to diversify its source of income and will therefore be in the interest of the Company and its shareholders (the "**Shareholders**") as a whole.

Notwithstanding the Group's intention to explore the potential new business, the existing principal businesses of the Group in operation of restaurants and provision of catering management and consultancy services will continue to be the core businesses of the Group.

During the Review Period, a formal tenancy agreement has been signed for the opening of a new Shanghainese cuisine restaurant which is expected to be opened in late July 2023 at The Wai, Shatin.

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. The Group considers 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.

During the Review Period, the Group was still actively identifying new management projects and the opportunities for sub-licencing of our brands or new brands in the PRC.

Looking forward, the Group will continue to strengthen the development of its existing businesses, expand the development of its franchising business in the PRC to provide steady return as well as growth prospects for the Shareholders and explore suitable opportunities to commence and develop the related business, such as the food trading in Hong Kong and in the PRC with a view to maximising the return to our investors as well as growth prospects for the Shareholders.

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

As at 31 March 2023, 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 (%)
Wong Chi Wing Kinson ("**Mr. Wong**")	Interest in controlled corporation (Note 1)	72,000	Long	0.02%

Note:

(1) 72,000 shares were held by Win Prosper Investments Limited ("**Win Prosper**") which is wholly and beneficially owned by Mr. Wong. Accordingly, Mr. Wong was deemed to be interested in all the shares held by Win Prosper pursuant to the SFO.

Save as disclosed above, as at 31 March 2023, 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.

Corporate Governance and Other Information

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

As at 31 March 2023, 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 (%)
Real Hero Ventures Limited ("**Real Hero**")	Beneficial owner (Note 1)	274,350,000	Long	71.45%
Cai Weike ("**Mr. Cai**")	Interest in controlled corporation (Note 1)	274,350,000	Long	71.45%
Zhang Meiyun ("**Ms. Zhang**")	Interest of spouse (Note 2)	274,350,000	Long	71.45%

Notes:

(1) Real Hero is an investment holding company incorporated in the British Virgin Islands, which is wholly and beneficially owned by Mr. Cai. Accordingly, Mr. Cai was deemed to be interested in all the shares held by Real Hero by virtue of the SFO.

(2) Ms. Zhang is the spouse of Mr. Cai and was deemed to be interested in all shares Mr. Cai was interested in by virtue of the SFO.

Save as disclosed above, as at 31 March 2023, 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.

Corporate Governance and Other Information

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 Board considers 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 remaining life of the Share Option Scheme is approximately 4 years and 5 months.

Up to 31 March 2023, 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 (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

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 Director has confirmed that he/she 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.

Corporate Governance and Other Information

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. Huen, Felix Ting Cheung (chairman of the Audit Committee), Mr. Yim Hong Cheuk Foster and Ms. Cheang Ana.

The Audit Committee has reviewed the first quarterly results of the Group for the Review Period. 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 of the Group for the Review Period are unaudited and have not been audited or reviewed by the Company's auditors.

EVENTS AFTER THE REPORTING PERIOD

In April 2023, the respective leases of Yoho Mall and Cityplaza (the previous locations of our Mango Tree Café and Mango Tree restaurant, respectively) have been expired, and the Board decided not to renew these leases on the ground that no favourable terms were offered after negotiation with the respective landlords. These two restaurants have incurred net losses in recent years and the closing of these two loss-making restaurants will reduce the risk of further losses to the Group. Save as disclosed above, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 March 2023 and up to the date of this report.

DIVIDEND

The Board did not recommend the payment of any dividend for the Review Period.

MATERIAL ACQUISITION AND DISPOSAL

The Group did not have any material acquisition or disposal of subsidiaries or associates during the Review Period.

PUBLICATION OF INFORMATION ON WEBSITES

This first quarterly report is available for viewing on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.1957.com.hk.

By order of the Board of
1957 & Co. (Hospitality) Limited
Kwok Chi Po
Chief Executive Officer and Executive Director

Hong Kong, 8 May 2023

As of the date of this report, the executive Directors are Wong Chi Wing Kinson, Mr. Kwok Chi Po, Mr. Lau Ming Fai, Ms. Tsui Ngan Fun and Ms. Lin Huiqin; the non-executive Director is Mr. Chan Wai Fung; and the independent non-executive Directors are Mr. Yim Hong Cheuk Foster, Mr. Huen, Felix Ting Cheung and Ms. Cheang Ana.