

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2020

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

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

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

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

FINANCIAL HIGHLIGHTS

During the three months ended 31 March 2020:

- the Group recorded unaudited revenue of approximately HK\$68.5 million, representing a decrease of approximately 20.9% as compared to the corresponding period ended 31 March 2019;
- the Group recorded an unaudited operating loss of approximately HK\$9.9 million (2019: HK\$0.2 million); and
- the Group recorded an unaudited loss attributable to the owners of the Company of approximately HK\$10.6 million (2019: HK\$2.2 million).

FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2020 (UNAUDITED)

The Directors of 1957 & Co. (Hospitality) Limited are pleased to announce the unaudited condensed consolidated results of the Group for the three months ended 31 March 2020, together with the unaudited comparative figures for the corresponding period in 2019, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months ended 31 March 2020

		For the three months ended 31 March	
		2020	2019
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Revenue	3	68,531	86,554
Other gains and income, net	4	1,407	150
Cost of inventories sold		(18,881)	(22,167)
Employee benefit expenses		(27,353)	(31,078)
Depreciation and amortisation		(20,930)	(18,436)
Royalty fees		(856)	(1,216)
Rental expenses		(1,329)	(1,966)
Utilities		(2,388)	(2,389)
Other operating expenses		(8,116)	(9,678)
		<hr/>	<hr/>
Operating loss		(9,915)	(226)
Finance income		7	13
Finance costs		(1,491)	(1,260)
		<hr/>	<hr/>
Finance costs, net	5	(1,484)	(1,247)
Share of losses of associates		(508)	(145)
		<hr/>	<hr/>
Loss before income tax		(11,907)	(1,618)
Income tax expense	6	(163)	(607)
		<hr/>	<hr/>
Loss for the period		(12,070)	(2,225)
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months ended 31 March 2020

	For the three months ended 31 March	
	2020	2019
Note	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the period attributable to:		
— Owners of the company	(10,620)	(2,172)
— Non-controlling interests	(1,450)	(53)
	<u>(12,070)</u>	<u>(2,225)</u>
Losses per share attributable to owners of the company for the period (HK cents)		
— Basic and diluted	8 <u>(2.77)</u>	<u>(0.68)</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2020

	For the three months ended 31 March	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Loss for the period	(12,070)	(2,225)
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
— Currency translation differences	<u>45</u>	<u>35</u>
Total comprehensive loss for the period	<u>(12,025)</u>	<u>(2,190)</u>
Total comprehensive loss for the period attributable to:		
— Owners of the company	(10,575)	(2,137)
— Non-controlling interests	<u>(1,450)</u>	<u>(53)</u>
	<u>(12,025)</u>	<u>(2,190)</u>

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three months ended 31 March 2020

	Attributable to the owners of the Company					Total	Non- controlling interest	Total equity
	Share capital	Share premium	Capital reserve	Exchange reserve	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Unaudited)								
Balance at 1 January 2019	32	86,773	(2,983)	(427)	(18,427)	64,968	16,989	81,957
Comprehensive loss								
Loss and total comprehensive loss for the period	-	-	-	-	(2,172)	(2,172)	(53)	(2,225)
Other comprehensive income								
Currency translation differences	-	-	-	35	-	35	-	35
Total comprehensive income/(loss)	-	-	-	35	(2,172)	(2,137)	(53)	(2,190)
Balance at 31 March 2019	<u>32</u>	<u>86,773</u>	<u>(2,983)</u>	<u>(392)</u>	<u>(20,599)</u>	<u>62,831</u>	<u>16,936</u>	<u>79,767</u>
(Unaudited)								
As at 1 January 2020	38	100,980	(2,983)	(613)	(32,616)	64,806	9,833	74,639
Comprehensive loss								
Loss and total comprehensive loss for the period	-	-	-	-	(10,620)	(10,620)	(1,450)	(12,070)
Other comprehensive income								
Currency translation differences	-	-	-	45	-	45	-	45
Total comprehensive income/(loss)	-	-	-	45	(10,620)	(10,575)	(1,450)	(12,025)
Balance at 31 March 2020	<u>38</u>	<u>100,980</u>	<u>(2,983)</u>	<u>(568)</u>	<u>(43,236)</u>	<u>54,231</u>	<u>8,383</u>	<u>62,614</u>

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 2020 (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 2019, 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 2019.

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

HKFRS 3 (Amendment)	Definition of a Business
HKAS 1 and HKAS 8 (Amendment)	Definition of Material

The application of these new HKFRSs in the current period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in those 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	
	2020	2019
	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)
Operation of restaurants	68,165	86,432
Catering management and consultancy services	366	122
	<u>68,531</u>	<u>86,554</u>

4 OTHER GAINS AND INCOME, NET

	For the three months ended 31 March	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Government subsidies	1,400	–
Sundry income	7	150
	<u>1,407</u>	<u>150</u>

5 FINANCE COST, NET

	For the three months ended 31 March	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Finance income		
Interest income	7	13
Finance cost		
Interest expenses on bank borrowings	(177)	(254)
Interest expenses on lease liabilities	(1,314)	(1,006)
	<u>(1,491)</u>	<u>(1,260)</u>
Finance costs, net	<u>(1,484)</u>	<u>(1,247)</u>

6 INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profit for the three months ended 31 March 2020.

7 DIVIDEND

No dividend has been paid or declared by the Company for the three months ended 31 March 2020.

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	
	2020 (Unaudited)	2019 (Unaudited)
Loss attributable to owners of the company (<i>HK\$'000</i>)	(10,620)	(2,172)
Weighted average number of ordinary shares in issue (<i>in thousands</i>)	384,000	320,000
Basic and diluted losses per share (<i>HK cents</i>)	<u>(2.77)</u>	<u>(0.68)</u>

(b) Diluted

Diluted losses per share for the three months ended 31 March 2020 and 2019 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 2020 (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 PRC.

INDUSTRY OVERVIEW

The food and beverage sector has been facing an even more difficult business environment due to the threat of the Coronavirus Disease 2019 (the “**COVID-19**”) outbreak and the recent regulation implemented on controlling of public gatherings of no more than four people which has a substantial impact on the restaurant business environment. These regulation and measures include the limit of the restaurant seating capacity be capped at 50 per cent, no more than four people are allowed per table and the tables must be kept 1.5 metres apart during the past few weeks and up to 23 April 2020. These regulation and measures were partially uplifted while some of which were extended to 21 May 2020. The outlook down the road depends critically on how the situation of the COVID-19 outbreak will evolve and the future government policy on the subject matter. 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 2020, the Group had a total of thirteen 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 in Hong Kong.

During the three months ended 31 March 2020, except for the temporary closure of the entire Festival Walk for a period of approximately two months since 12 November 2019 to conduct the repairing and recovery works, during which the operation of our An Nam (Festival Walk) Restaurant was affected and the restaurant has suspended its operation temporarily until the re-opening of the mall on 16 January 2020, there was no other temporary closure or suspension of business in our other restaurants.

However, the closure of the border checkpoints, 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. Furthermore, the temporary measures that the limit of the restaurant seating capacity be capped at 50 per cent, no more than four people are allowed per table and the tables must be kept 1.5 metres apart commencing on the last week of March 2020 have a great impact on the business operation.

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

As at 31 March 2020, 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 also has a large impact on the PRC, the revenue of these restaurants dropped dramatically. 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 outbreak will evolve. 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 99.5% of the Group's revenue was generated from the operation of restaurants in Hong Kong and approximately 0.5% of the Group's revenue was generated from the pre-opening consultancy and restaurant management services. As at 31 March 2020, the Group was operating thirteen (2019: twelve) restaurants, of which no (2019: no) restaurant was newly opened and no (2019: no) restaurant was relocated and renamed and no (2019: no) restaurant was closed down during the Review Period in Hong Kong.

The Group's revenue dropped by approximately 20.9% from approximately HK\$86.6 million for the three months ended 31 March 2019 to approximately HK\$68.5 million for the three months ended 31 March 2020. The outbreak of the COVID-19 continuously weakened Hong Kong economy and affected the customer sentiment, the substantial decrease in number of visitors coming to Hong Kong greatly affected their total consumptions in our restaurants, coped with the uncertainties of the global economy and the measures and control imposed by the government affected the business operation for the restaurants of the Group.

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			
	2020		2019	
	Revenue	% of total	Revenue	% of total
	HK\$'000	revenue from	HK\$'000	revenue from
		operation of		operation of
		restaurant		restaurant
		(%)		(%)
Thai	12,352	18.1	18,030	20.9
Vietnamese	10,123	14.9	17,989	20.8
Japanese	16,163	23.7	22,224	25.7
Shanghainese	19,291	28.3	18,450	21.3
Italian	10,236	15.0	9,739	11.3
Total revenue from operation of restaurants in Hong Kong	68,165	100.0	86,432	100.0

Thai-style restaurants

The revenue generated from operation of Thai-style restaurants decreased by approximately HK\$5.6 million, or approximately 31.1%, from approximately HK\$18.0 million for the three months ended 31 March 2019 to approximately HK\$12.4 million for the three months ended 31 March 2020. Such decrease was due to the factors as mentioned above.

Vietnamese-style restaurants

The revenue generated from operation of Vietnamese-style restaurants decreased by approximately HK\$7.9 million, or approximately 43.9%, from approximately HK\$18.0 million for the three months ended 31 March 2019 to approximately HK\$10.1 million for the three months ended 31 March 2020. Such decrease was due to the factors, in particular, the temporary closure of An Nam (Festival Walk) Restaurant as mentioned above.

Japanese-style restaurants

The revenue generated from operation of Japanese-style restaurants decreased by approximately HK\$6.0 million, or approximately 27.0%, from approximately HK\$22.2 million for the three months ended 31 March 2019 to approximately HK\$16.2 million for the three months ended 31 March 2020. Such decrease was due to the factors as mentioned above.

Shanghainese-style restaurants

The revenue generated from operation of Shanghainese-style restaurants increased by approximately HK\$0.8 million, or approximately 4.3%, from approximately HK\$18.5 million for the three months ended 31 March 2019 to approximately HK\$19.3 million for the three months ended 31 March 2020. The increase in revenue contributed by the new Modern Shanghai (Olympian City) Restaurant (which was opened in late September 2019) has its impact offset by the factors as mentioned above.

Italian-style restaurant

The revenue generated from operation of Italian-style restaurant increased by approximately HK\$0.5 million, or approximately 5.2%, from approximately HK\$9.7 million for the three months ended 31 March 2019 to approximately HK\$10.2 million for the three months ended 31 March 2020.

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\$18.9 million and HK\$22.2 million for each of the three months ended 31 March 2020 and 2019, respectively, representing approximately 27.6% and 25.7% of the Group's total revenue generated from operation of restaurants for the corresponding periods. Such increase was mainly contributed by the increase in additional marketing efforts for sales stimulating measures.

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\$3.7 million, or approximately 11.9%, from approximately HK\$31.1 million for the three months ended 31 March 2019 to approximately HK\$27.4 million for the three months ended 31 March 2020. Such decrease was mainly due to the cost reduction measures effected coped with the decrease in revenue and despite of the expansion of the restaurant portfolio of the Group and the increase in the number of staff in relation thereto.

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\$18.4 million and HK\$20.9 million for the three months ended 31 March 2019 and 2020, respectively for its right-of-use assets, leasehold improvements, furniture and fixtures, catering and other equipment and motor vehicle. As lease expenses have been reflected as amortisation of right-of-use assets and related finance cost since its recognition, with a higher expenses amount to be incurred in early years of the lease terms, diminishing over the lease's duration and result in a lower expenses amount in the latter part of the terms resulted from the adoption of HKFRS 16 — Leases. The increase in such expenses was mainly contributed by the incremental amortisation of right-of-use assets following the renewal of two lease and license agreements of our three restaurants, and commencement of a new lease agreement of Modern Shanghai (Olympian City) Restaurant since the last quarter of previous year.

The depreciation charged on the right-of-use assets amounted to approximately HK\$13.1 million and HK\$14.8 million for the three months ended 31 March 2019 and 2020, 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\$4.3 million and HK\$4.9 million, for the three months ended 31 March 2019 and 2020, 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 2020 amounted to approximately HK\$1.3 million, representing a decrease of approximately 35.0% as compared with that of the three months ended 31 March 2019 which amounted to approximately HK\$2.0 million. The decrease was due to the drop in revenue of our certain restaurants which led to a drop 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 2019 and 2020, the total utility expenses amounted to approximately HK\$2.4 million and HK\$2.4 million, respectively.

Other operating expenses

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

The other operating expenses decreased from approximately HK\$9.7 million for the three months ended 31 March 2019 to approximately HK\$8.1 million for the three months ended 31 March 2020, representing a decrease of approximately 16.5%. This was mainly attributable to the cost reduction resulted from a drop in sales revenue.

Income tax expenses

The income tax expenses of the Group decreased from approximately HK\$0.6 million for three months ended 31 March 2019 to approximately HK\$0.2 million for the three months ended 31 March 2020.

Finance costs

The Group's finance costs increased from approximately HK\$1.3 million for the three months ended 31 March 2019 to approximately HK\$1.5 million for the three months ended 31 March 2020 principally due to the increase of interest expenses on lease liabilities.

Loss for the period

The Group recorded a loss of approximately HK\$12.1 million for the three months ended 31 March 2020 as compared to a loss of approximately HK\$2.2 million for the corresponding period in 2019. The loss was partly attributable to a) the effect of the differences in the aggregate contribution by Modern Shanghai (Olympian City) which fully operated for three months in 2020 as compared with no operation in 2019; and (b) the incurred loss for a restaurant located in Festival Walk which was temporarily closed for approximately two months since 12 November 2019 to 15 January 2020 to conduct the repairing and recovery works against its full revenue during the same period in 2019.

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. However, due to the slow down of economic growth in Hong Kong since 2019 and the outbreak of COVID-19 in PRC impacted both PRC and Hong Kong, we have suspended all the planned investment projects temporarily. The Group intends to change the proposed use of the unutilised net proceeds from the placing in the amount of HK\$3.0 million originally planned to invest in restaurants by a minority stake in the Guangdong-Hong Kong-Macau Greater Bay Area to the restaurant operations of the Group in full amount to cope with the need which is estimated to be crucial for the coming months in view of a very severe and challenging operating environment currently faced by the Group.

Meanwhile, in view of the uncertainty brought by the outbreak of COVID-19 and economic contraction in Hong Kong, the industry will face further challenges while we will continue to review the operation and evaluate the performance of our existing restaurants, and formulate adequate strategies for each restaurant and our development plan with a more conservative approach in response to changes in the industry and economic environment with a view to maximizing the return to our investors.

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 2020, 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 (<i>Note 1</i>)	64,000,000	Long	16.67%
Kwok Chi Po (“Mr. Kwok”)	Interest in controlled corporation (<i>Note 2</i>)	15,362,400	Long	4.00%
Leung Chi Tien Steve (“Mr. Leung”)	Interest in controlled corporation (<i>Note 3</i>)	90,256,800	Long	23.50%

Notes:

- (1) Among the 64,000,000 shares, 60,000,000 shares are held by Perfect Emperor Limited which is wholly owned by Mr. Kwan. As such, Mr. Kwan was deemed to be interested in all the shares held by Perfect Emperor pursuant to Part XV of the SFO. The remaining 4,000,000 shares are beneficially held by Mr. Kwan.
- (2) The 15,362,400 shares are held by P.S Hospitality Limited which is wholly owned by Mr. Kwok. As such, Mr. Kwok was 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 was 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 2020, 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 under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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

As at 31 March 2020, 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 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)	64,000,000	Long	16.67%
1957 & Co. Limited	Interest in controlled corporation (Note 2)	90,256,800	Long	23.50%
All Victory Global Limited	Beneficial owner (Note 2)	22,680,000	Long	5.91%
Sino Explorer Limited	Beneficial owner (Note 2)	67,576,800	Long	17.60%
Chan Siu Wan	Interest of spouse (Note 3)	90,256,800	Long	23.50%

Name	Capacity/Nature of Interest	Number of Shares	Long/short position	Approximate Percentage of Shareholding in the Company (%)
Leung Shuk Yee Winnie (“ Ms. Leung ”)	Interest in controlled corporation (Notes 4 & 5)	19,764,000	Long	5.15%
Pearl Global Development Limited	Beneficial owner (Note 4)	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 5)	19,764,000	Long	5.15%

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 of Sino Explorer and All Victory. Accordingly, 1957 & Co. Limited was 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 was 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 was 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 was deemed to be interested in the same number of shares held by Ms. Leung.

Save as disclosed above, as at 31 March 2020, 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 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 7 years and 6 months.

Up to 31 March 2020, 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.

CHANGE TO DIRECTORS' INFORMATION

Mr. How Sze Ming, the independent non-executive Director, has resigned as an independent non-executive director of Forgame Holdings Limited (stock code: 484, its shares are listed on the Main Board of the Stock Exchange) since 30 April 2020.

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 2020. 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 2020 are unaudited and have not been audited or reviewed by the Company's auditors.

EVENTS AFTER THE REPORTING PERIOD

On 5 May 2020, a variation tenancy agreement in respect of a premises located in YOHO Mall for an existing Shanghainese restaurant of the Group was signed by the Company pursuant to which the additional space at measuring about 654 sq. ft. in size of the premises has been combined into the existing tenancy agreement from 4 April 2020 to 31 May 2021. The aggregate additional rental payment and deposit for the area during the aforesaid term is approximately HK\$0.7 million.

DIVIDEND

The Board did not recommend the payment of any dividend for the three months ended 31 March 2020.

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 2020.

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 and on the website of the Company at www.1957.com.hk.

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

Hong Kong, 7 May 2020

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

This announcement will remain on the “Latest Listed Company Information” page of the website of GEM of the Stock Exchange at www.hkgem.com for a minimum period of 7 days from the date of publication and on the website of the Company at www.1957.com.hk.