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**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 2022**

**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 2022:

- the Group recorded unaudited revenue of approximately HK\$44.4 million, representing a substantial decrease of approximately 45.4% as compared to the corresponding period in 2021;
- the Group received the government grants in the amount of approximately HK\$2.2 million (2021: HK\$4.4 million);
- the Group recorded an unaudited adjusted loss before tax and government grants of approximately HK\$19.4 million (2021: HK\$4.5 million); and
- the Group recorded an unaudited loss attributable to the owners of the Company of approximately HK\$14.9 million (2021: HK\$0.3 million).

## FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2022 (UNAUDITED)

The Directors are pleased to announce the unaudited condensed consolidated results of the Group for the three months ended 31 March 2022 (the “**Review Period**”), together with the unaudited comparative figures for the corresponding period in 2021, as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months ended 31 March 2022

		For the three months ended 31 March	
		2022	2021
	Note	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	44,447	81,254
Other gains and income, net	4	5,308	5,001
Cost of inventories sold		(14,320)	(24,607)
Employee benefit expenses		(26,413)	(26,832)
Depreciation and amortisation		(13,540)	(18,712)
Royalty fees		(604)	(1,217)
Rental expenses		(1,004)	(1,795)
Utilities		(2,095)	(2,186)
Other operating expenses		(8,102)	(9,887)
<b>Operating (loss)/profit</b>		<b>(16,323)</b>	<b>1,019</b>
Finance income		—	—
Finance costs		(504)	(861)
Finance costs, net	5	(504)	(861)
Share of losses of associates		(338)	(202)
<b>Loss before income tax</b>		<b>(17,165)</b>	<b>(44)</b>
Income tax expense	6	—	(89)
Loss for the period		<b>(17,165)</b>	<b>(133)</b>
<b>(Loss)/profit for the period attributable to:</b>			
— Owners of the Company		(14,932)	(256)
— Non-controlling interests		(2,233)	123
		<b>(17,165)</b>	<b>(133)</b>
<b>Losses per share attributable to the owners of the Company for the period (HK cents)</b>			
— Basic and diluted	8	<b>(3.89)</b>	<b>(0.07)</b>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
*For the three months ended 31 March 2022*

	<b>For the three months ended 31 March</b>	
	<b>2022</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)
<b>Loss for the period</b>	<b>(17,165)</b>	(133)
<b>Other comprehensive income</b>		
<i>Items that may be reclassified to profit or loss</i>		
— Currency translation differences	<b>24</b>	27
— Share of other comprehensive income of associates accounted for using equity method	<b>14</b>	—
	<u>          </u>	<u>          </u>
<b>Total comprehensive loss for the period</b>	<b>(17,127)</b>	(106)
	<u>          </u>	<u>          </u>
<b>Total comprehensive (loss)/income for the period attributable to:</b>		
— Owners of the Company	<b>(14,894)</b>	(239)
— Non-controlling interests	<b>(2,233)</b>	133
	<u>          </u>	<u>          </u>
	<b>(17,127)</b>	(106)
	<u>          </u>	<u>          </u>

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

*For the three months ended 31 March 2022*

	Attributable to the owners of the Company					Total HK\$'000	Non- controlling interest HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000			
<i>(Unaudited)</i>								
<b>Balance at 1 January 2021</b>	38	100,980	(2,983)	(186)	(45,525)	52,324	4,050	56,374
<b>Comprehensive (loss)/income</b>								
(Loss)/profit for the period	-	-	-	-	(256)	(256)	123	(133)
<b>Other comprehensive income</b>								
Currency translation differences	-	-	-	18	-	18	9	27
<b>Total comprehensive income/(loss)</b>	-	-	-	18	(256)	(238)	132	(106)
<b>Balance at 31 March 2021</b>	<u>38</u>	<u>100,980</u>	<u>(2,983)</u>	<u>(168)</u>	<u>(45,781)</u>	<u>52,086</u>	<u>4,182</u>	<u>56,268</u>
<i>(Unaudited)</i>								
<b>As at 1 January 2022</b>	38	100,980	(2,983)	(25)	(32,360)	65,650	7,217	72,867
<b>Comprehensive loss</b>								
Loss for the period	-	-	-	-	(14,932)	(14,932)	(2,233)	(17,165)
<b>Other comprehensive income</b>								
Currency translation differences	-	-	-	24	-	24	-	24
Share of other comprehensive income of associates accounted for using the equity method	-	-	-	14	-	14	-	14
<b>Total comprehensive income/(loss)</b>	-	-	-	38	(14,932)	(14,894)	(2,233)	(17,127)
<b>Balance at 31 March 2022</b>	<u>38</u>	<u>100,980</u>	<u>(2,983)</u>	<u>13</u>	<u>(47,292)</u>	<u>50,756</u>	<u>4,984</u>	<u>55,740</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 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 2022 (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 2021, 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 2021.

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 2022:

Annual Improvements Project	Annual Improvements to HKFRSs 2018–2020 (amendments)
Amendment to HKFRS 3	Definition of a Business (amendments)
Amendment to HKAS 16	Property, Plant and Equipment (amendments)
Amendment to HKFRS 37	Provisions, Contingent Liabilities and Contingent Assets (amendments)
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 2021 (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.

### 3 REVENUE

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

	For the three months ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Operation of restaurants, recognised at a point in time	44,032	80,424
Catering management and consultancy services, recognised overtime	415	830
	<u>44,447</u>	<u>81,254</u>

### 4 OTHER GAINS AND INCOME, NET

	For the three months ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Government grants	2,200	4,425
Sundry income	3,108	576
	<u>5,308</u>	<u>5,001</u>

### 5 FINANCE COSTS, NET

	For the three months ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Finance income</b>		
Interest income	—	—
<b>Finance cost</b>		
Interest expenses on bank borrowings	(40)	(88)
Interest expenses on lease liabilities	(464)	(773)
	<u>(504)</u>	<u>(861)</u>
Finance costs, net	<u>(504)</u>	<u>(861)</u>

## 6 INCOME TAX

Hong Kong profits tax is levied at progressive rates at 8.25% on the taxable income below HK\$2,000,000, and thereafter at a fixed rate at 16.5% for the three months ended 31 March 2022 and 2021.

## 7 DIVIDEND

No dividend has been paid or declared by the Company for the three months ended 31 March 2022.

## 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	
	2022	2021
	(Unaudited)	(Unaudited)
Loss attributable to the owners of the Company ( <i>HK\$'000</i> )	(14,932)	(256)
Weighted average number of ordinary shares in issues ( <i>in thousands</i> )	384,000	384,000
Basic and diluted losses per share ( <i>HK cents</i> )	<u>(3.89)</u>	<u>(0.07)</u>

### (b) Diluted

Diluted losses per share for the three months ended 31 March 2022 and 2021 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 2022, 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").

### **INDUSTRY OVERVIEW**

Since entering 2022, business of restaurants has been under renewed pressure due to the fifth wave of the Coronavirus Disease 2019 (the "COVID-19") pandemic and the tightened social distancing measures in response. Certain measures had significant adverse impact on the operation of the restaurants and the business, especially of the implementation of dine-in services ban from 6 p.m. to 4:59 a.m. of the next day and number of diners per table were capped at two, four and six in Types B, C and D mode of operation respectively during the period from 7 January 2022 to 23 February 2022 and further reduced the maximum number of diners per table to two regardless of the mode of operation until 20 April 2022.

The outlook down the road depends critically on how the situation of the COVID-19 infection will evolve. The Group will continue to monitor the developments closely and will be cautious in running our business.

### **BUSINESS REVIEW**

#### **Hong Kong**

During the Review Period, the Group did not open any new restaurant in Hong Kong.

During the period from 7 January 2022 to 31 March 2022, the operations of the restaurants were greatly impacted as the dine-in services ban from 6 p.m. to 4:59 a.m. of the next day and the number of diners per table was capped according to the tightened social distancing measures in force.

As at 31 March 2022, the Group had a total of twelve restaurants under five self-owned brands, namely, Ta-ke, An Nam, Modern Shanghai, 10 Shanghai and Hokkaidon and three franchised or sub-licensed brands, namely, Mango Tree, Gonpachi and Paper Moon in Hong Kong.

During the Review Period, none of our restaurants had undergone significant renovation.

## **The PRC**

As at 31 March 2022, the Group has a total of three invested restaurants in the PRC with minority stake investment in each of their respective operating company, including 24.9% equity interests in each of the respective operating company of the two invested restaurants, namely Guangzhou Mango Tree Food & Beverage Co. Ltd (廣州芒果樹餐飲有限公司) and Guangzhou Ten Shanghai Food & Beverage Co. Ltd (廣州十里弄餐飲有限公司), and 15.0% equity interests in the operating company of one invested restaurant, namely Guangzhou Mango Tree (La Perle) Food & Beverage Co. Ltd. (廣州芒果樹麗柏餐飲有限公司). We also provided one-off pre-opening consultancy services and restaurant management services to these restaurants.

As the outbreak of the COVID-19 was becoming serious in certain provinces in the PRC, the revenue of these restaurants were also affected. However, the outlook down the road depends critically on how the situation of the COVID-19 infection will evolve in the PRC. The Group will continue to monitor the developments closely and will be cautious in running and expanding our PRC related business.

## **FINANCIAL REVIEW**

### **Revenue**

During the Review Period, approximately 99.1% 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 2022, the Group was operating twelve (2021: twelve) restaurants, of which no (2021: no) restaurant was newly opened and no (2021: no) restaurant was closed down during the Review Period in Hong Kong.

The revenue decreased substantially by approximately 45.4% from approximately HK\$81.3 million for the three months ended 31 March 2021 to approximately HK\$44.4 million for the three months ended 31 March 2022.

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:

	<b>For the three months ended 31 March</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Revenue</b>	<b>% of total revenue from operation of restaurant</b>	<b>Revenue</b>	<b>% of total revenue from operation of restaurant</b>
	<b>HK\$'000</b>	<b>(%)</b>	<b>HK\$'000</b>	<b>(%)</b>
Shanghainese	<b>14,306</b>	<b>32.5</b>	22,262	27.6
Japanese	<b>11,232</b>	<b>25.5</b>	22,267	27.7
Thai	<b>8,087</b>	<b>18.4</b>	14,705	18.3
Vietnamese	<b>4,590</b>	<b>10.4</b>	10,760	13.4
Italian	<b>5,817</b>	<b>13.2</b>	10,430	13.0
Total revenue from operation of restaurants in Hong Kong	<b><u>44,032</u></b>	<b><u>100.0</u></b>	<u>80,424</u>	<u>100.0</u>

#### *Shanghainese-style restaurants*

The revenue generated from operation of Shanghainese-style restaurants decreased by approximately HK\$8.0 million, or approximately 35.9%, from approximately HK\$22.3 million for the three months ended 31 March 2021 to approximately HK\$14.3 million for the three months ended 31 March 2022. The decrease in revenue was mainly due to the impact from dine-in restriction measures net off by the launch of the takeaway dishes offered during the above mentioned measures imposed to catering business.

#### *Japanese-style restaurants*

The revenue generated from operation of Japanese-style restaurants decreased by approximately HK\$11.1 million, or approximately 49.8%, from approximately HK\$22.3 million for the three months ended 31 March 2021 to approximately HK\$11.2 million for the three months ended 31 March 2022. The substantial decrease was mainly due to the tightened social distancing measures mentioned above.

### *Thai-style restaurants*

The revenue generated from operation of Thai-style restaurants decreased by approximately HK\$6.6 million, or approximately 44.9%, from approximately HK\$14.7 million for the three months ended 31 March 2021 to approximately HK\$8.1 million for the three months ended 31 March 2022. The substantial decrease was mainly due to the tightened social distancing measures mentioned above.

### *Vietnamese-style restaurants*

The revenue generated from operation of Vietnamese-style restaurants decreased by approximately HK\$6.2 million, or approximately 57.4%, from approximately HK\$10.8 million for the three months ended 31 March 2021 to approximately HK\$4.6 million for the three months ended 31 March 2022. The substantial decrease was mainly due to the tightened social distancing measures mentioned above.

### *Italian-style restaurant*

The revenue generated from operation of Italian-style restaurant decreased by approximately HK\$4.6 million, or approximately 44.2%, from approximately HK\$10.4 million for the three months ended 31 March 2021 to approximately HK\$5.8 million for the three months ended 31 March 2022. The substantial decrease was mainly due to the tightened social distancing measures mentioned above.

### **Cost of inventories sold**

The cost of inventories consumed mainly represents the cost of food ingredients and beverages for the operation of the Group's restaurants. The major food ingredients purchased by the Group include, but are not limited to, meat, seafood, frozen food, vegetables and beverages. Cost of inventories consumed is one of the major components of the Group's operating expenses which amounted to approximately HK\$14.3 million and HK\$24.6 million for each of the three months ended 31 March 2022 and 2021, respectively, representing approximately 32.5% and 30.6% of the Group's total revenue generated from operation of restaurants for the corresponding periods. In order to stimulate the sales revenue, we have launched a lot of promotions or discount offers to attract customer flow and the cost of inventories sold as a percentage of revenue was increased accordingly.

## **Staff costs**

Staff costs primarily consist of salaries, wages and allowances, pension costs and other employee benefits, and were one of the largest components of the operating expenses of the Group. The staff costs decreased by approximately HK\$0.4 million, or approximately 1.5%, from approximately HK\$26.8 million for the three months ended 31 March 2021 to approximately HK\$26.4 million for the three months ended 31 March 2022. Such decrease was mainly due to the cost reduction measures coped with the tightened social distancing measures implemented.

The Directors expect the staff costs will remain more stable and may slightly increase if the economy of Hong Kong is showing steady improvement as COVID-19 outbreak is gradually put under control.

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\$18.7 million and HK\$13.5 million for the three months ended 31 March 2021 and 2022, respectively for its right-of-use assets, leasehold improvements, furniture and fixtures, catering and other equipment, motor vehicle and intangible assets. The decrease in such expenses was mainly contributed by impairment loss recognised in previous years.

The depreciation charged on the right-of-use assets amounted to approximately HK\$13.8 million and HK\$10.6 million for the three months ended 31 March 2021 and 2022, 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\$4.0 million and HK\$2.4 million, for the three months ended 31 March 2021 and 2022, 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 2022 amounted to approximately HK\$1.0 million, representing a decrease of approximately 44.4% as compared with that for the three months ended 31 March 2021 which amounted to approximately HK\$1.8 million. The decrease was due to the drop in revenue of our 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 2021 and 2022, the total utility expenses amounted to approximately HK\$2.2 million and HK\$2.1 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\$9.9 million for the three months ended 31 March 2021 to approximately HK\$8.1 million for the three months ended 31 March 2022, representing a decrease of approximately 18.2%. This was mainly attributable to the cost reduction measures resulted from the drop in sales revenue.

### **Income tax expenses**

No income tax expenses were incurred for the three months ended 31 March 2022 (2021: HK\$0.1 million) as all of our restaurants recorded losses during the Review Period.

### **Finance costs**

The Group's finance costs decreased from approximately HK\$0.9 million for the three months ended 31 March 2021 to approximately HK\$0.5 million for the three months ended 31 March 2022.

## **Loss for the period**

The Group recorded a loss of approximately HK\$17.2 million for the three months ended 31 March 2022 as compared to a loss of approximately HK\$0.1 million for the corresponding period in 2021. The loss has been offset by the government grants in the amount of approximately HK\$2.2 million received by the Group during the Review Period (2021: HK\$4.4 million).

The loss was mainly attributable to the further tightened social distancing measures of dine-in services ban from 6 p.m. to 4:59 a.m. of the next day and number of diners per table capped at two, four and six in Types B, C and D mode of operation respectively during the period from 7 January 2022 to 23 February 2022 and further reduced the maximum number of diners per table to two regardless of the mode of operation until 20 April 2022 which had an adverse effect on the financial of the Group.

## **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.

References are made to the Company's announcements dated 23 March 2022 and 20 April 2022, a 60% owned subsidiary of the Company (as the tenant) entered into the tenancy agreement to rent the premises for a term of four years commencing from 19 April 2022 to 18 April 2026 (with the tenant's option to renew for a further term of two years to 18 April 2028) for the opening of a new restaurant serving Huaiyang/Shanghainese cuisine under the trade name of "Modern Shanghai" in East Point City of Tseung Kwan O.

While taking into account the latest economic development, change in consumer spending pattern, increase in vacancy rate of shopping centres, latest available resources of the Group and the fact that the Group has been more cautious in evaluating its expansion plans, the Group may consider upgrading our certain restaurants and opening new restaurants with different concepts or concepts with proven track records, lower capital expenditures and/or more favourable rental package. Currently, the Group is in the advanced stage of discussions with a few landlords regarding the leasing of certain units in shopping malls for restaurant operation.

Business outlook for restaurants in the coming months would hinge crucially on the developments of the local epidemic situation. It is thus essential for the community to work together with the government to put the local epidemic under control as swiftly as possible. The first stage of adjustments to social distancing measures took effect on 21 April 2022, including allowing resumption of dinnertime dine-in services to 9:59 p.m., for resuming social and economic activities. If the epidemic situation of Hong Kong continues to show a downward trend without any sign of rebound, it is expected there would be a gradual relaxation of social distancing measures.

Meanwhile, in view of the above uncertainties, the industry may face further challenges while we will continue to review the operation and evaluate the performance of our existing and minority stake invested restaurants, and formulate adequate strategies for each restaurant and our development plan with a more proactive but conservative approach in response to changes in the industry and economic environment with a view to maximising the return to our investors.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 31 March 2022, 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")	Beneficial owner	75,268,800	Long	19.60%
Kwok Chi Po ("Mr. Kwok")	Interest in controlled corporation/ beneficial owner (Note 1)	16,406,400	Long	4.27%
Leung Chi Tien Steve ("Mr. Leung")	Interest in controlled corporation (Note 2)	96,408,800	Long	25.11%
Chan Siu Wan ("Ms. Chan")	Interest of spouse (Note 3)	96,408,800	Long	25.11%



*Notes:*

- (1) Among the 16,406,400 shares, 15,362,400 shares were held by P.S Hospitality Limited which is wholly owned by Mr. Kwok. As such, Mr. Kwok was deemed to be interested in all the shares held by P.S Hospitality Limited pursuant to Part XV of the SFO. The remaining 1,044,000 shares were beneficially held by Mr. Kwok.
- (2) Among the 96,408,800 shares, 73,728,800 shares were held by Sino Explorer Limited (“**Sino Explorer**”) and 22,680,000 shares were held by All Victory Global Limited (“**All Victory**”). Both Sino Explorer and All Victory are wholly owned by 1957 & Co. Limited, which is in turn wholly owned by Mr. Leung. As such, Mr. Leung was deemed to be interested in all the shares held by Sino Explorer and All Victory pursuant to Part XV of the SFO.
- (3) Ms. Chan is the spouse of Mr. Leung and was deemed to be interested in the same number of shares held by Mr. Leung.

Save as disclosed above, as at 31 March 2022, 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 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 2022, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Capacity/Nature of Interest	Number of Shares	Long/short position	Approximate Percentage of Shareholding in the Company (%)
Kwan Wai Ling Alicia	Interest of spouse ( <i>Note 1</i> )	75,268,800	Long	19.60%
1957 & Co. Limited	Interest in controlled corporation ( <i>Note 2</i> )	96,408,800	Long	25.11%
All Victory Global Limited	Beneficial owner ( <i>Note 2</i> )	22,680,000	Long	5.91%
Sino Explorer Limited	Beneficial owner ( <i>Note 2</i> )	73,728,800	Long	19.20%

*Notes:*

- (1) Ms. Kwan Wai Ling Alicia is the spouse of Mr. Kwan and was deemed to be interested in the same number of shares held by Mr. Kwan.
- (2) 1957 & Co. Limited holds 100% of equity interest in Sino Explorer and All Victory. Accordingly, 1957 & Co. Limited was deemed to be interested in 73,728,800 shares held by Sino Explorer and 22,680,000 shares held by All Victory.

Save as disclosed above, as at 31 March 2022, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company or the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

## **SHARE OPTION SCHEME**

The share option scheme (the “**Share Option Scheme**”) was approved by the shareholders of the Company (the “**Shareholders**”) on 6 November 2017 for the purpose of enabling the Group to grant options to selected participants as incentives or rewards for their contribution to our Group. The Directors consider the Share Option Scheme, with its broadened basis of participation, will enable our Group to reward the employees, the Directors and other selected participants for their contributions to our Group.

The Share Option Scheme will be valid and effective for a period as the Board may determine which shall not exceed ten years from the date of grant.

The Share Option Scheme will remain in force for a period of ten years commencing on 6 November 2017. For more details, please refer to the section headed “Statutory and General Information — Share Option Scheme” in Appendix IV of the prospectus of the Company dated 23 November 2017. The remaining life of the Share Option Scheme is approximately 5 years and 5 months.

Up to 31 March 2022, 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.

For the proposed adoption of the new Memorandum and Articles of Association of the Company as detailed in the Company’s circular dated 25 March 2022, Shareholders’ approval is needed at the coming annual general meeting of the Company on 27 May 2022 in order for the Company to bring the constitutional documents of the Company in line with the amendments made to the applicable laws of Cayman Islands and the GEM Listing Rules.

## **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 of the Group for the three months ended 31 March 2022. 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 three months ended 31 March 2022 are unaudited and have not been audited or reviewed by the Company's auditors.

## **EVENTS AFTER THE REPORTING PERIOD**

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 March 2022 and up to the date of this announcement.

## **DIVIDEND**

The Board did not recommend the payment of any dividend for the three months ended 31 March 2022.

## **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 2022.

## **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) in due course.

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

Hong Kong, 5 May 2022

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

*This announcement will remain on the “Latest Listed Company Information” page of the GEM website of the Stock Exchange at [www.hkgem.com](http://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](http://www.1957.com.hk).*