1957 & Co. (Hospitality) Limited

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

Interim Report 2023

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

Financial Highlights

During the six months ended 30 June 2023:

- the Group recorded unaudited revenue of approximately HK$223.5 million (2022: HK$136.4 million), representing an increase of approximately 63.9% as compared to the corresponding period ended 30 June 2022;
- the Group recorded an unaudited adjusted loss before tax and government grants of approximately HK$10.6 million (2022: HK$15.8 million); and
- the Group recorded an unaudited loss attributable to the owners of the Company of approximately HK$10.9 million (2022: HK$8.2 million).

During the three months ended 30 June 2023:

- the Group recorded unaudited revenue of approximately HK$110.7 million (2022: HK$91.9 million), representing an increase of 20.5% as compared to the corresponding period ended 30 June 2022;
- the Group recorded an unaudited adjusted loss before tax and government grants of approximately HK$0.9 million (2022: adjusted profit of HK$3.6 million); and
- the Group recorded an unaudited loss attributable to the owners of the Company of approximately HK$0.3 million (2022: profit of HK$6.7 million).

Condensed Consolidated Statement of Comprehensive Income

For the three months and six months ended 30 June 2023

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023 (UNAUDITED)

The board of Directors (the "**Board**") of the Company is pleased to announce the unaudited condensed consolidated results of the Group for the three months and six months ended 30 June 2023 (the "**Three-Month Review Period**" and "**Six-Month Review Period**", respectively), together with the unaudited comparative figures for the corresponding periods in 2022, as follows:

		For the three months ended 30 June		**For the six months ended 30 June**	
	Note	**2023 HK$'000 (Unaudited)**	2022 HK$'000 (Unaudited)	**2023 HK$'000 (Unaudited)**	2022 HK$'000 (Unaudited)
Revenue	4	**110,725**	91,930	**223,457**	136,377
Other gains and income, net	5	**156**	5,694	**1,770**	11,002
Cost of inventories sold		**(29,197)**	(26,669)	**(60,825)**	(40,989)
Employee benefit expenses		**(42,265)**	(32,062)	**(86,481)**	(58,475)
Depreciation, amortisation and impairment		**(20,106)**	(13,278)	**(41,629)**	(26,818)
Royalty fees		**(1,587)**	(1,383)	**(3,330)**	(1,987)
Rental expenses		**(2,358)**	(2,130)	**(4,477)**	(3,134)
Utilities		**(2,633)**	(2,432)	**(5,954)**	(4,527)
Other operating expenses		**(11,858)**	(10,353)	**(28,664)**	(18,455)
Operating profit/(loss)		**877**	9,317	**(6,133)**	(7,006)
Finance income		**222**	2	**407**	2
Finance costs		**(1,840)**	(398)	**(4,420)**	(902)
Finance costs, net	6	**(1,618)**	(396)	**(4,013)**	(900)
Share of losses of associates		**(202)**	(412)	**(446)**	(750)
(Loss)/profit before income tax		**(943)**	8,509	**(10,592)**	(8,656)
Income tax credit/(expense)	7	**1,608**	(54)	**1,002**	(54)
Profit/(loss) for the period		**665**	8,455	**(9,590)**	(8,710)
Profit/(loss) for the period attributable to:					
— Owners of the Company		**(324)**	6,699	**(10,929)**	(8,233)
— Non-controlling interests		**989**	1,756	**1,339**	(477)
		665	8,455	**(9,590)**	(8,710)
(Losses)/earnings per share attributable to owners of the Company for the period *(expressed in HK cents per share)*					
— Basic and diluted	9	**(0.08)**	1.74	**(2.85)**	(2.14)

Condensed Consolidated Statement of Comprehensive Income

For the three months and six months ended 30 June 2023

	For the three months ended 30 June		For the six months ended 30 June	
	2023	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Profit/(loss) for the period	**665**	8,455	**(9,590)**	(8,710)
Other comprehensive income/(loss)				
Items that may be reclassified to profit or loss				
— Currency translation differences	**(186)**	(117)	**(141)**	(93)
— Share of other comprehensive income of associates accounted for using the equity method	**3**	(84)	**8**	(70)
Total comprehensive income/(loss) for the period	**482**	8,254	**(9,723)**	(8,873)
Total comprehensive income/(loss) for the period attributable to:				
— Owners of the Company	**(507)**	6,498	**(11,062)**	(8,396)
— Non-controlling interests	**989**	1,756	**1,339**	(477)
	482	8,254	**(9,723)**	(8,873)

Condensed Consolidated Statement of Financial Position

At 30 June 2023

	Note	**As at 30 June 2023 HK$'000 (Unaudited)**	As at 31 December 2022 HK$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	10	**204,830**	93,333
Intangible assets	11	**802**	862
Deposits and prepayment		**25,521**	52,164
Interest in associates	12	**–**	438
Deferred tax assets		**12,775**	10,510
		243,928	157,307
Current assets			
Inventories		**2,340**	2,357
Trade receivables	13	**6,617**	8,621
Prepayments, deposits and other receivables		**16,812**	16,124
Amounts due from an associate		**126**	126
Tax recoverable		**2,444**	3,750
Pledged bank deposits		**5,052**	9,063
Cash and cash equivalents		**47,445**	54,175
		80,836	94,216
Total assets		**324,764**	251,523
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	14	**38**	38
Share premium	14	**100,980**	100,980
Capital reserve		**(2,983)**	(2,983)
Exchange reserve		**(559)**	(426)
Accumulated losses		**(43,822)**	(32,893)
		53,654	64,716
Non-controlling interests		**8,974**	11,065
Total equity		**62,628**	75,781

Condensed Consolidated Statement of Financial Position

At 30 June 2023

	Note	As at 30 June 2023 HK$'000 (Unaudited)	As at 31 December 2022 HK$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Lease liabilities		**99,950**	31,226
Provision for reinstatement costs		**7,224**	2,116
		107,174	33,342
Current liabilities			
Trade payables	15	**20,324**	19,539
Accruals and other payables		**34,090**	39,480
Lease liabilities		**43,408**	41,795
Contract liabilities		**1,627**	770
Income tax payables		**448**	46
Loans from non-controlling shareholders		**7,600**	7,600
Bank borrowings	16	**47,465**	33,170
		154,962	142,400
Total liabilities		**262,136**	175,742
Total equity and liabilities		**324,764**	251,523

Condensed Consolidated Statements of Changes in Equity

For the six months ended 30 June 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)								
As at 1 January 2022	38	100,980	(2,983)	(25)	(32,360)	65,650	7,217	72,867
Comprehensive loss								
Loss for the period	–	–	–	–	(8,233)	(8,233)	(477)	(8,710)
Other comprehensive loss								
Currency translation differences	–	–	–	(93)	–	(93)	–	(93)
Share of other comprehensive loss of associates accounted for using the equity method	–	–	–	(70)	–	(70)	–	(70)
Total comprehensive loss	–	–	–	(163)	(8,233)	(8,396)	(477)	(8,873)
Balance at 30 June 2022	38	100,980	(2,983)	(188)	(40,593)	57,254	6,740	63,994
(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	**–**	**–**	**–**	**–**	**(10,929)**	**(10,929)**	**1,339**	**(9,590)**
Other comprehensive (loss)/income								
Currency translation differences	**–**	**–**	**–**	**(141)**	**–**	**(141)**	**–**	**(141)**
Share of other comprehensive income of associates accounted for using the equity method	**–**	**–**	**–**	**8**	**–**	**8**	**–**	**8**
Total comprehensive (loss)/income	**–**	**–**	**–**	**(133)**	**(10,929)**	**(11,062)**	**1,339**	**(9,723)**
Transaction with owners								
Repayment of shareholder loans	**–**	**–**	**–**	**–**	**–**	**–**	**(3,430)**	**(3,430)**
Total transaction with owners	**–**	**–**	**–**	**–**	**–**	**–**	**(3,430)**	**(3,430)**
Balance at 30 June 2023	**38**	**100,980**	**(2,983)**	**(559)**	**(43,822)**	**53,654**	**8,974**	**62,628**

Condensed Consolidated Statement of Cash Flow

For the six months ended 30 June 2023

	For the six months ended 30 June	
	2023	2022
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Cash flow from operating activities		
Loss before income tax	**(10,592)**	(8,656)
Adjustments for:		
— Depreciation and amortisation	**41,629**	26,818
— Net loss on disposal of property, plant and equipment	**254**	–
— Share of losses of associates	**446**	750
— Finance income	**(407)**	(2)
— Finance costs	**4,420**	902
Operating cash flows before changes in working capital	**35,750**	19,812
Changes in working capital:		
— Inventories	**17**	213
— Trade receivables, prepayment, deposit and other receivables	**1,316**	(19,181)
— Trade and other payables	**948**	681
— Contract liabilities	**857**	51
— Amount due from/to related companies	**–**	(12)
Cash generated from operations	**38,888**	1,564
Interest paid	**(4,420)**	(902)
Hong Kong profits tax paid	**–**	(379)
Net cash generated from operating activities	**34,468**	283
Cash flows from investing activities		
Purchase of property, plant and equipment (Note (i))	**(12,424)**	(114)
Payments for non-current prepayment	**(5,179)**	–
Interest received	**115**	2
Net cash used in investing activities	**(17,488)**	(112)
Cash flows from financing activities		
Repayment of bank borrowings	**(3,705)**	(2,873)
Repayment of shareholder loans	**(3,430)**	–
Release of pledged deposit	**4,011**	–
Proceeds from bank borrowings	**18,000**	–
Payment of lease liabilities	**(38,445)**	(23,767)
Net cash used in financing activities	**(23,569)**	(26,640)
Net decrease in cash and cash equivalents	**(6,589)**	(26,469)
Cash and cash equivalents at beginning of the period	**54,175**	94,381
Effect of foreign exchange rate changes	**(141)**	(94)
Cash and cash equivalents at end of the period	**47,445**	67,818

Note:

(i) Reconciliation of cash used in purchase of property, plant and equipment

	For the six months ended 30 June	
	2023	2022
	HK$'000	HK$'000
Total property, plant and equipment addition during the period	**167,766**	10,676
Less: transfer from deposits and prepayment to property, plant and equipment	**(32,114)**	–
Less: addition of right-of-use assets (Note 10)	**(123,228)**	(10,562)
Cash used in purchase of property, plant and equipment during the period	**12,424**	114

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 interim financial information of the Group for the six months ended 30 June 2023 (the "**2023 Interim Financial Information**") have been prepared in accordance with the accounting principles generally accepted in Hong Kong which include Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure requirements of the GEM Listing Rules.

The 2023 Interim Financial Information 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 2023 Interim Financial Information 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 2023 Interim Financial Information 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:

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.

2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

The following are new standards, interpretation and amendments to standards that have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2024 or later periods, but have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (amendments)	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants (amendments)	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback (amendments)	1 January 2024
HK Int 5 (2020)	Hong Kong Interpretation 5 (2020) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (HK Int 5 (2020))	1 January 2024
HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)	To be determined

The Group will apply the above new standards, interpretation and amendments to standards when they become effective. The Group is in the process of making an assessment of the impact of the above HKFRS.

3 SEGMENT INFORMATION

The chief operating decision-maker (the "**CODM**") has been identified as the executive Directors of the Company who review the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

The CODM assesses the performance based on a measure of segment profit/(loss), which is a measure of adjusted (loss)/profit before income tax. The adjusted loss before income tax is measured consistently with the Group's loss before income tax except that other gains and income, finance income, finance cost (except the portion related to lease liabilities), share of losses of associates as well as head office expenses are excluded from such measurement.

The Group is principally engaged in operation of restaurants and provision of catering management and consultancy services.

3 SEGMENT INFORMATION (CONTINUED)

The following is an analysis of the Group's revenue, results, assets and liabilities by operating and reportable segments:

Segment revenue and result

Six months ended 30 June 2023

	Operation of restaurants HK$'000 (Unaudited)	Catering management and consultancy services HK$'000 (Unaudited)	Total HK$'000 (Unaudited)
Total segment revenue	223,107	13,788	236,895
Inter-segment revenue	–	(13,438)	(13,438)
Revenue from external customers	223,107	350	223,457
Result			
Segment profit	3,352	327	3,679
Other gains and income, net			1,770
Unallocated staff costs			(11,703)
Unallocated depreciation and amortisation			(2,439)
Unallocated utilities and consumables			(26)
Unallocated other expenses			(1,427)
Share of losses of associates			(446)
Loss before income tax			(10,592)
Other segment items			
Depreciation and amortisation	(39,190)	–	(39,190)
Finance income	398	9	407
Finance costs	(4,390)	(30)	(4,420)

3 SEGMENT INFORMATION (CONTINUED)

Segment revenue and result (Continued)

Six months ended 30 June 2022

	Operation of restaurants HK$'000 (Unaudited)	Catering management and consultancy services HK$'000 (Unaudited)	Total HK$'000 (Unaudited)
Total segment revenue	135,490	9,105	144,595
Inter-segment revenue	–	(8,218)	(8,218)
Revenue from external customers	135,490	887	136,377
Result			
Segment (loss)/profit	(7,514)	882	(6,632)
Other gains income, net			11,002
Unallocated staff costs			(9,757)
Unallocated depreciation and amortisation			(1,445)
Unallocated utilities and consumables			(13)
Unallocated other expenses			(1,061)
Share of losses of associates			(750)
Loss before income tax			(8,656)
Other segment items			
Depreciation and amortisation	(25,373)	–	(25,373)
Finance income	2	–	2
Finance costs	(876)	(26)	(902)

Information about major customers

There are no single external customers who contributed to more than 10% of the revenue of the Group during the six months ended 30 June 2023 (2022: same).

3 SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

At 30 June 2023

	Operation of restaurants HK$'000 (Unaudited)	**Catering management and consultancy services HK$'000 (Unaudited)**	**Unallocated HK$'000 (Unaudited)**	**Elimination HK$'000 (Unaudited)**	**Total HK$'000 (Unaudited)**
Segment assets	**379,687**	**81,730**	**5,137**	**(141,790)**	**324,764**
Interest in associates	**–**	**–**	**–**	**–**	**–**
	379,687	**81,730**	**5,137**	**(141,790)**	**324,764**
Segment liabilities	**334,195**	**67,339**	**2,392**	**(141,790)**	**262,136**

At 31 December 2022

	Operation of restaurants HK$'000 (Audited)	Catering management and consultancy services HK$'000 (Audited)	Unallocated HK$'000 (Audited)	Elimination HK$'000 (Audited)	Total HK$'000 (Audited)
Segment assets	293,906	67,197	3,678	(113,696)	251,085
Interest in associates	–	–	438	–	438
	293,906	67,197	4,116	(113,696)	251,523
Segment liabilities	231,758	54,728	2,952	(113,696)	175,742

Geographical information

The Group's revenue from operation of restaurants is mainly derived from customers in Hong Kong and revenue from catering management and consultancy services is mainly derived from customers in Hong Kong and the People's Republic of China (the "**PRC**"). The principal assets of the Group were also located in Hong Kong as at 30 June 2023 and 31 December 2022. Accordingly, no analysis by geographical segment is provided.

4 REVENUE

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

	For the three months ended 30 June		For the six months ended 30 June	
	2023	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Operation of restaurants, recognised at a point in time	**110,375**	91,458	**223,107**	135,490
Catering management and consultancy services, recognised overtime	**350**	472	**350**	887
	110,725	91,930	**223,457**	136,377

5 OTHER GAINS AND INCOME, NET

	For the three months ended 30 June		For the six months ended 30 June	
	2023	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Government grants	**–**	4,880	**48**	7,080
Sundry income	**434**	814	**1,976**	3,922
Net loss on disposal of property, plant and equipment	**(278)**	–	**(254)**	–
	156	5,694	**1,770**	11,002

6 FINANCE COSTS, NET

	For the three months ended 30 June		For the six months ended 30 June	
	2023	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Finance income				
Interest income	**66**	2	**115**	2
Imputed interest income on deposit paid	**156**	–	**292**	–
	222	2	**407**	2
Finance costs				
Interest expenses on bank borrowings	**(482)**	(30)	**(950)**	(70)
Interest expenses on lease liabilities	**(1,358)**	(368)	**(3,470)**	(832)
	(1,840)	(398)	**(4,420)**	(902)
Finance costs, net	**(1,618)**	(396)	**(4,013)**	(900)

7 INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5%. For the six months ended 30 June 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.

8 DIVIDEND

No dividend has been paid or declared by the Company for the six months ended 30 June 2023 (2022: nil).

9 (LOSSES)/EARNINGS PER SHARE

(a) Basic

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

	For the three months ended 30 June		For the six months ended 30 June	
	2023	2022	**2023**	2022
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
(Loss)/profit attributable to owners of the Company (HK$'000)	**(324)**	6,699	**(10,929)**	(8,233)
Weighted average number of ordinary shares in issues (in thousands)	**384,000**	384,000	**384,000**	384,000
Basic (losses)/earnings per share (HK cents)	**(0.08)**	1.74	**(2.85)**	(2.14)

9 (LOSSES)/EARNINGS PER SHARE (CONTINUED)

(b) Diluted

Diluted (losses)/earnings per share for the three months and six months ended 30 June 2023 and 2022 were the same as the basic (losses)/earnings per share as there were no potential dilutive ordinary shares.

10 PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets HK$'000	Leasehold improvements HK$'000	Furniture and fixture HK$'000	Kitchen and operating equipment HK$'000	Computer equipment HK$'000	Motor vehicle HK$'000	Total HK$'000
At 31 December 2022 (Audited)							
Cost	427,615	115,099	10,402	18,403	2,972	379	574,870
Accumulated depreciation and impairment	(358,533)	(97,473)	(7,391)	(15,555)	(2,496)	(89)	(481,537)
Net book amount	69,082	17,626	3,011	2,848	476	290	93,333
Six months ended 30 June 2023 (Unaudited)							
Opening net book amount	69,082	17,626	3,011	2,848	476	290	93,333
Additions	123,228	32,795	6,187	4,933	623	–	167,766
Disposal	(14,556)	–	–	(106)	(38)	–	(14,700)
Depreciation	(32,861)	(6,498)	(1,054)	(928)	(190)	(38)	(41,569)
Closing net book amount	144,893	43,923	8,144	6,747	871	252	204,830
At 30 June 2023 (Unaudited)							
Cost	436,630	141,970	15,942	22,124	3,369	379	620,414
Accumulated depreciation and impairment	(291,737)	(98,047)	(7,798)	(15,377)	(2,498)	(127)	(415,584)
Net book amount	144,893	43,923	8,144	6,747	871	252	204,830

11 INTANGIBLE ASSETS

	HK$'000
At 31 December 2022 (Audited)	
Cost	2,112
Accumulated amortisation	(1,250)
Net book amount	862
Six months ended 30 June 2023 (Unaudited)	
Opening net book amount	862
Amortisation charges	(60)
Net book amount	802
At 30 June 2023 (Unaudited)	
Cost	2,112
Accumulated amortisation and impairment	(1,310)
Net book amount	802

The intangible assets mainly represent the franchise and licensing rights acquired. The intangible assets have estimated useful lives of 10 to 20 years and are amortised on a straight-line basis over the estimated useful lives.

12 INTEREST IN ASSOCIATES

	At 30 June 2023 HK$'000 (Unaudited)	At 31 December 2022 HK$'000 (Audited)
Investment in associates	–	438

Movement of interest in associates during the six months ended 30 June 2023 and year ended 31 December 2022 are analysed as below:

	Six months ended 30 June 2023 HK$'000 (Unaudited)	Year ended 31 December 2022 HK$'000 (Audited)
At beginning of period	438	2,105
Share of losses of associates	(446)	(1,544)
Currency translation difference, net	8	(123)
At end of period	–	438

13 TRADE RECEIVABLES

As of the end of the reporting period, the ageing analysis of trade receivables based on the invoice date, is as follows:

	At 30 June 2023 HK$'000 (Unaudited)	At 31 December 2022 HK$'000 (Audited)
1 to 30 days	2,031	3,111
31 to 60 days	398	984
61 to 90 days	527	251
Over 90 days	3,661	4,275
	6,617	8,621

14 SHARE CAPITAL

	Number of shares of the Company	Share capital HK$'000	Share premium HK$'000
Authorised:			
Ordinary share capital of HK$0.0001 each as at 1 January 2022, 30 June 2022, 1 January 2023 and 30 June 2023	3,800,000,000	380	–
Issued and fully paid:			
At 30 June 2022, 1 January 2023 and 30 June 2023	384,000,000	38	100,980

15 TRADE PAYABLES

As of the end of the reporting period, the ageing analysis of trade payables based on the invoice date, is as follows:

	At 30 June 2023 HK$'000 (Unaudited)	At 31 December 2022 HK$'000 (Audited)
1 to 30 days	**10,242**	10,209
31 to 60 days	**9,661**	9,014
61 to 90 days	**42**	5
Over 90 days	**379**	311
	20,324	19,539

16 BANK BORROWINGS

	At 30 June 2023 HK$'000 (Unaudited)	At 31 December 2022 HK$'000 (Audited)
Current		
Bank borrowings	**47,465**	33,170

As at 30 June 2023, the Group's bank borrowings were secured by corporate guarantee given by the Company (31 December 2022: same) and pledged bank deposits of HK$5,052,000 (31 December 2022: HK$7,047,000).

16 BANK BORROWINGS (CONTINUED)

The weighted average effective interest rates of the bank borrowings as at 30 June 2023 was 5.8% per annum (31 December 2022: 5.2% per annum).

According to the repayment schedule of the bank borrowings, without considering the repayable demand clause, bank borrowings were repayable as follows:

	At 30 June 2023 HK$'000 (Unaudited)	At 31 December 2022 HK$'000 (Audited)
Within 1 year	**8,261**	6,482
Between 1 and 2 years	**8,805**	5,979
Between 2 and 5 years	**26,413**	18,708
Over 5 years	**3,986**	2,001
	47,465	33,170

17 RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these unaudited condensed consolidated interim financial information, the Group had the following transactions with related parties:

	Six months ended 30 June 2023 HK$'000 (Unaudited)	2022 HK$'000 (Unaudited)
Management fee (Note (a))		
— Guangzhou Mango Tree Food & Beverage Co. Ltd.	**–**	289
— Guangzhou Ten Shanghai Food & Beverage Co. Ltd.	**–**	289
— Guangzhou Mango Tree (La Perle) Food & Beverage Co. Ltd.	**–**	217
Lease payment (Note (b))		
— Perfect Win Properties Limited	**914**	4,152
— Barrowgate Limited	**11,541**	6,649

Notes:

(a) Management fee is charged in accordance with the agreement entered into between the relevant parties.

(b) Lease payment is charged in accordance with the agreement entered into between the relevant parties.

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 Six-Month Review Period, the Group had been principally engaged in operating full services restaurants under various brands and was dedicated to serving quality Japanese, Thai, Vietnamese, Shanghainese and Italian cuisines to different customers. In addition to the restaurant operation business, the Group also provided restaurant management and consultancy services in Hong Kong and the PRC.

BUSINESS REVIEW

Hong Kong

During the Six-Month Review Period, we (1) opened one new restaurant in Hong Kong, namely Gonpachi restaurant at One Peking in Tsimshatsui; (2) relocated two restaurants, namely An Nam restaurant and Gonpachi restaurant, from Lee Garden One to Lee Garden Two in Causeway Bay; and (3) closed two loss-making restaurants, namely Mango Tree restaurant at Cityplaza in Taikoo Shing and Mango Tree Café at Yoho Mall in Yuen Long. None of our restaurants had undergone any significant renovation.

As at 30 June 2023, the Group had a total of twelve restaurants under five self-owned brands in Hong Kong, namely, Akanoshou, An Nam, Modern Shanghai, 10 Shanghai and Hokkaidon and three franchised or sub-licensed brands, namely, Mango Tree, Gonpachi and Paper Moon.

The PRC

As at 30 June 2023, the Group had 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 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 Six-Month Review Period in the PRC. The Group will continue to closely monitor the performance of its stake invested restaurants in the PRC.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

During the Six-Month Review Period, approximately 99.8% of the Group's revenue was generated from the operation of restaurants in Hong Kong and approximately 0.2% of the Group's revenue was generated from the pre-opening consultancy and restaurant management services. As at 30 June 2023, the Group was operating twelve (2022: same) restaurants, of which one (2022: nil) restaurant was newly opened and two (2022: nil) restaurants were closed down during the Six-Month Review Period in Hong Kong.

The revenue increased by approximately 63.9% from approximately HK$136.4 million for the six months ended 30 June 2022 to approximately HK$223.5 million for the Six-Month Review Period.

The Group's restaurants served mainly five different cuisines during the Six-Month 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 six months ended 30 June			
	2023		2022	
	Revenue HK$'000	% of total Revenue (%)	Revenue HK$'000	% of total Revenue (%)
Shanghainese	**75,249**	**33.7**	40,205	29.7
Japanese	**60,473**	**27.1**	33,653	24.9
Thai	**31,230**	**14.0**	27,517	20.3
Vietnamese	**30,820**	**13.8**	16,783	12.4
Italian	**25,335**	**11.4**	17,332	12.7
Total	**223,107**	**100.0**	135,490	100.0

Shanghainese-style restaurants

The revenue generated from operation of Shanghainese-style restaurants increased by approximately HK$35.0 million, or approximately 87.1%, from approximately HK$40.2 million for the six months ended 30 June 2022 to approximately HK$75.2 million for the Six-Month Review Period. The substantial increase in revenue was mainly attributable to the revenue generated from Modern Shanghai restaurant in East Point City which was opened in late July 2022 and the revenue bounced back after all social distancing measures on catering business had been lifted by the Hong Kong government.

Japanese-style restaurants

The revenue generated from operation of Japanese-style restaurants increased by approximately HK$26.8 million, or approximately 79.5%, from approximately HK$33.7 million for the six months ended 30 June 2022 to approximately HK$60.5 million for the Six-Month Review Period. The substantial increase was mainly due to the sales revenue generated from the new Gonpachi restaurant in Tsimshatsui which was opened in mid-January 2023 and the revenue bounced back after all social distancing measures on catering business had been lifted by the Hong Kong government.

Thai-style restaurants

The revenue generated from operation of Thai-style restaurants increased by approximately HK$3.7 million, or approximately 13.5%, from approximately HK$27.5 million for the six months ended 30 June 2022 to approximately HK$31.2 million for the Six-Month Review Period. The increase was mainly because the revenue bounced back after all social distancing measures on catering business had been lifted by the Hong Kong government, which was netted off by the drop in revenue caused by the closure of the Mango Tree restaurant at Cityplaza in Taikoo Shing and the Mango Tree Café at Yoho Mall in Yuen Long in April 2023.

Vietnamese-style restaurants

The revenue generated from operation of Vietnamese-style restaurants increased by approximately HK$14.0 million, or approximately 83.3%, from approximately HK$16.8 million for the six months ended 30 June 2022 to approximately HK$30.8 million for the Six-Month Review Period. The substantial increase was mainly because the revenue bounced back after all social distancing measures on catering business had been lifted by the Hong Kong government.

Italian-style restaurant

The revenue generated from operation of Italian-style restaurant increased by approximately HK$8.0 million, or approximately 46.2%, from approximately HK$17.3 million for the six months ended 30 June 2022 to approximately HK$25.3 million for the Six-Month Review Period. The increase was mainly because the revenue bounced back after all social distancing measures on catering business had been lifted by the Hong Kong government.

Cost of inventories sold

The cost of inventories consumed mainly represents the costs of food ingredients and beverages for the operation of the Group's restaurants. The major food ingredients purchased by the Group include, but 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$60.8 million and HK$41.0 million for each of the six months ended 30 June 2023 and 2022, respectively, representing approximately 27.3% and 30.3% 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 were one of the largest components of the operating expenses of the Group. The staff costs increased from approximately HK$58.5 million for the six months ended 30 June 2022 to approximately HK$86.5 million for the Six-Month Review Period, representing an increase of approximately 47.9% in comparison. The substantial increase in staff cost was mainly due to the additional labour forces for the new Modern Shanghai restaurant in East Point City and Gonpachi restaurant in Tsimshatsui and to maintain sufficient staff level for our restaurants during the Six-Month 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. Followed by the closure of two Mango Tree restaurants, the Group recorded a reduction in staff cost during the Three-Month Review Period.

Due to the general increase in labour cost in Hong Kong, especially the salary level of employees in the catering industry in Hong Kong, the Board expects that 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 (1) prioritising internal transfers and re-allocations of employees from existing restaurants; (2) increasing productivity of the staff by providing training; and (3) 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$26.8 million and HK$41.6 million for the six months ended 30 June 2022 and 2023, respectively for its right-of-use assets, leasehold improvements, furniture and fixtures, catering and other equipment and motor vehicle. 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$21.4 million and HK$32.9 million for the six months ended 30 June 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 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$4.5 million and HK$6.5 million for the six months ended 30 June 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 that the property rentals and related expenses as well as the depreciation charge on the right-of-use assets will 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 for the Six-Month Review Period amounted to approximately HK$4.5 million, representing an increase of approximately 45.2% as compared with that for the six months ended 30 June 2022 which amounted to approximately HK$3.1 million. The increase was due to the increase in revenue of our restaurants which led to an increase in turnover rent incurred.

Utilities

Utilities primarily consist of electricity, gas and water supplies of the Group. For the six months ended 30 June 2023 and 2022, utilities amounted to approximately HK$6.0 million and HK$4.5 million, respectively. As a percentage of revenue, utilities decreased slightly from 3.3% during the six months ended 30 June 2022 to 2.7% in the corresponding period in 2023.

Other operating expenses

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

The other operating expenses increased from approximately HK$18.5 million for the six months ended 30 June 2022 to approximately HK$28.7 million for the Six-Month Review Period, representing an increase of approximately 55.1%. This increase was mainly attributable to the cost increment in line with the increase of sales revenue. During the Six-Month Review Period, the Group recorded (1) 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; and (2) approximately HK$3.6 million one-off reinstatement cost after 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. As a percentage of revenue, other operating expenses slightly reduced from 13.6% to 12.8% when compared to the corresponding period in 2022.

Income tax credit/(expenses)

The Group's income tax credit amounted to approximately HK$1.0 million for the Six-Month Review Period as compared to income tax expenses of approximately HK$0.05 million for the corresponding period in 2022. Such decrease was mainly due to the loss incurred for the relocated and new restaurants.

Finance costs

The Group's finance costs increased from approximately HK$0.9 million for the six months ended 30 June 2022 to approximately HK$4.4 million for the Six-Month Review Period. The increase in finance costs was mainly attributable to the increase in bank borrowings in line with the interest rate hike and the finance costs incurred for new leases and lease renewal.

Loss for the period

The Group recorded a loss for the period of approximately HK$9.6 million for the Six-Month Review Period as compared to approximately HK$8.7 million for the corresponding period in 2022.

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 approximately HK$4.6 million one-off pre-opening expenses, such as rental expenses, staff costs, marketing expenses and promotion expenses. 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 Six-Month Review 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 Six-Month Review Period was netted off by the revenue bounced after all social distancing measures on catering business had been lifted by the Hong Kong government.

Management Discussion and Analysis

Liquidity and Financial Resources

Capital structure

There was no change in the capital structure of the Group during the Six-Month Review Period.

Cash position

As at 30 June 2023, the cash and cash equivalents of the Group amounted to approximately HK$52.5 million (31 December 2022: HK$63.2 million), which were mainly denominated in Hong Kong dollar, representing a decrease of approximately 16.9% as compared to that as at 31 December 2022. The decrease was mainly due to the net cash generated from operating activities netted off by (1) the net cash used in investing activities, which principally represented the payment of property, plant and equipment for those new restaurants and prepayment capital expenditures incurred for the new Modern Shanghai Imperial restaurant; and (2) the cash used in financing activities, which represented the repayment of bank borrowings and shareholder loans and payment of lease liabilities.

Borrowings

As at 30 June 2023, the bank borrowings of the Group, all of which were denominated in Hong Kong dollar, amounted to approximately HK$47.5 million (31 December 2022: HK$33.2 million) that bore the weighted average of floating interest rates of approximately 5.8% per annum. No financial instrument was being used for interest rate hedging purpose.

As at 30 June 2023, the total loans from non-controlling shareholders, which were denominated in Hong Kong dollar, amounted to approximately HK$7.6 million (31 December 2022: HK$7.6 million) that were interest-free and repayable when the respective restaurants have achieved net profit/net cash inflow.

Save as disclosed, the Group did not have other borrowings for the Six-Month Review Period.

Pledge

As at 30 June 2023, a total of HK$5.1 million pledged deposits provided by the Group were held at banks as security for the bank borrowings (31 December 2022: HK$9.1 million).

Foreign currency exposures

The Group mainly operates in Hong Kong with most of the transactions settled in Hong Kong dollars for the Six-Month Review Period. No foreign currency hedge was made during the Six-Month Review Period. The Group did not have significant exposure to foreign exchange fluctuation as the management monitors the related foreign currencies closely and will consider hedging for significant foreign currency exposure, if necessary.

Gearing ratio

The capital structure of the Group consists of shareholders' equity and total borrowings. The Group monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the statements of financial position and excluding lease liabilities) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the statements of financial position plus net debt. The gearing ratio as at 30 June 2023 was 12.2%. As at 30 June 2022, the Group had a net cash position, the analysis on the Group's gearing ratio is not presented. The increase in gearing ratio was attributable to the drawdown of bank borrowings during the Six-Month Review Period.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the Six-Month Review Period, the Group established a joint venture company ("**JV**") focusing on food supply chain business in Hong Kong and had been actively exploring new business opportunities. As at 30 June 2023, the JV had not generated any revenue.

Save as disclosed above, there was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Group during the Six-Month Review Period.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 30 June 2023.

Significant Investments Held

During the Six-Month Review Period, there was no significant investment held by the Group.

Capital Commitments

As at 30 June 2023, the Group had approximately HK$914,000 (31 December 2022: HK$422,000) capital expenditures contracted for but not recognised as liabilities.

Information on Employees

The Group has 397 full-time employees and 88 part-time employees respectively as at 30 June 2023. The Group's employment and remuneration policies remained the same as detailed in the Company's annual report for the year ended 31 December 2022.

PRINCIPAL RISKS AND UNCERTAINTIES

The followings are the principal risks and uncertainties faced by the Group, which may materially and adversely affect its business, financial condition or results of operations:

1. During the Six-Month Review Period, the Group generated 100% of our revenue in Hong Kong. If Hong Kong experiences any adverse economic condition due to events beyond our control, such as natural disasters, contagious disease outbreaks, terrorist attacks, a local economic downturn, mass civil disobedience movements or if the local authorities place additional restrictions or burdens on us or on our industry in general, our overall business and results of operations may be materially and adversely affected.

2. Cost of inventories sold, staff cost and depreciation contributed a majority of the Group's operating cost. The following factors are uncertain and may affect the cost control measures of our Group:

    a. The Group's business depends on reliable sources of large quantities of food ingredients such as vegetable and meat. The price of food ingredients may continue to rise or fluctuate.

    b. Minimum wage requirements in Hong Kong which will be reviewed and adjusted periodically.

    c. As at 30 June 2023, the Group leased all the properties for its restaurants operating in Hong Kong. Therefore, the Group is exposed to risks relating to the commercial real estate rental market, including unpredictable and potentially high occupancy costs.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this report, the Group did not have other plan for material investments or acquisition of material capital assets as at 30 June 2023. The Group will continue to monitor the industry closely and review its business expansion plans regularly, so as to take necessary measures in the best interests of the Group and the shareholders of the Company (the "**Shareholders**").

COMPARISON OF BUSINESS PLAN AND ACTUAL BUSINESS PROGRESS

An analysis comparing the business plan as set out in the Prospectus with the Group's actual business progress for the period from 5 December 2017 (being the date on which the Company's shares were listed on GEM of the Stock Exchange) (the "**Listing Date**") to 30 June 2023 is set out below:

		Business plan as stated in the Prospectus	Actual business progress up to 30 June 2023
1.	Continue to develop our brand portfolio and expand our restaurant network	Settlement of part of the set up and opening costs of Paper Moon Restaurant	Settled certain costs for Paper Moon Restaurant
		Open a restaurant under the Modern Shanghai brand in Lee Garden Two, Causeway Bay, Hong Kong	10 Shanghai Restaurant was opened in January 2018
		Open a restaurant under a refined Ta-ke brand in Lee Garden Two, Causeway Bay, Hong Kong	Ta-ke Japanese Restaurant was opened in March 2018
		Set up two restaurants under the Modern Shanghai brand in shopping mall in Guangzhou	Guangzhou Ten Shanghai Food & Beverage Co. Ltd. operated a restaurant, namely 十里弄堂, which was set up and opened in Guangzhou K11 shopping mall in May 2018 and the Group will no longer pursue to open this second restaurant in Guangzhou

		Business plan as stated in the Prospectus	Actual business progress up to 30 June 2023
1.	Continue to develop our brand portfolio and expand our restaurant network (Continued)	Set up a restaurant under the Mango Tree brand and set up a restaurant under the Mango Tree Café brand in shopping mall in Guangzhou	Guangzhou Mango Tree Food & Beverage Co. Ltd. operated a restaurant, namely 芒果樹 (K11店), which was set up and opened in Guangzhou K11 shopping mall in May 2018 for the Mango Tree brand and Guangzhou Mango Tree (La Perle) Food & Beverage Co. Ltd. operated a restaurant, namely 芒果樹 (麗柏廣場店), which was set up and opened in Guangzhou La Perle shopping mall in September 2019
		Open a restaurant under the Hokkaidon brand and a restaurant under the Mango Tree brand in a shopping mall in Hong Kong	The Group will no longer pursue to open these two restaurants in Hong Kong
		Open a restaurant under the Modern Shanghai brand in a shopping mall in Hong Kong	Modern Shanghai (Olympian City) Restaurant was opened in September 2019
		Set up a restaurant under the Mango Tree Café brand in a shopping mall in Shenzhen	The Group will no longer pursue to open this restaurant in Shenzhen
		Set up a restaurant under a refined Ta-ke brand in a shopping mall in Shenzhen	The Group will no longer pursue to open this restaurant in Shenzhen
2.	Further develop our restaurant pre-opening consultancy and management consultancy services in the PRC	Identifying new sources of PRC clients	Negotiating for the new pre-opening consultancy contract in the PRC
3.	Enhance our brand recognition by continuing to bring high quality ingredients and new dishes to our customers	Marketing activities including media tasting, special menu promotion and joint promotions with different organisations	The Group has held certain activities including distribution of souvenirs with the Company's logo to frequent customers and business partners; media tasting events at new restaurant opening; and launch of different seasonal menus for different festivals

The Group will continue to adhere to these objectives by (i) increasing sales volume; (ii) optimising restaurant-level staffing; and (iii) maximising the utilisation of food ingredients.

Management Discussion and Analysis

PROSPECT

Currently, we are operating thirteen restaurants in Hong Kong, comprising eight under our own brands and five under franchise or sub-license arrangements. In order to demonstrate our finest food supplies on dining tables, the Group continues to invest in new and renew lease agreements for restaurants in Hong Kong during the Six-Month Review Period.

New restaurants, namely Gonpachi Restaurant at One Peking in Tsimshatsui and Modern Shanghai Imperial at The Wai in Sha Tin were opened in January 2023 and July 2023 respectively.

During the Six-Month Review Period, three tenancy agreements have been signed for the renewal of:

(a) an existing Italian cuisine restaurant (where our Paper Moon Restaurant is located) in Harbour City, the expiry of lease had been extended from 15 June 2023 to 14 June 2025;

(b) an existing Shanghainese cuisine restaurant (where our Modern Shanghai Restaurant is located) in Yoho Mall, the expiry of lease had been extended from 1 June 2023 to 31 May 2026; and

(c) an existing Vietnamese cuisine restaurant (where our An Nam Restaurant is located) in Festival Walk, the expiry of lease had been extended from 14 September 2023 to 13 September 2024.

We are optimistic about the industry development. Along with continued rolling out of consumption voucher scheme and promotion in tourism campaigns by the Hong Kong government, we expect the Group will be benefited by such and have steady improvement in the second half of 2023. Meanwhile, the Group will closely monitor the impact of global inflation and environmental pollution risk which pressurises the operating costs. In order to increase our brand loyalty, the Group will progressively launch a new mobile membership application to our customers. This digital contact allows us to interact with our customers in an easy way and our service is embedded into their daily life. We believe technology plays a crucial role to help the food and beverage industry to streamline operations, improve efficiency as well as to enhance customer experience. Furthermore, the Group has structured to diversify its income stream by expanding into varies businesses, including food supply chain business, sub-franchising business and the restaurant pre-opening consultancy and restaurant consultancy services in Hong Kong and the PRC. The food supply chain business enables us to penetrate into the food supplies market and have a commitment towards the selection of finest quality food products by the Group, whereas the sub-franchising business and the restaurant pre-opening consultancy and restaurant consultancy services allow us to make good use of our knowledge and experience in the food and beverage industry so that we can strive in developing these two sectors.

As the Group moves towards a post-pandemic environment, and with a reinforced management team, we will continuously evaluate our prospects for organic growth and investment in order to optimise the Group's position for sustainable long-term expansion.

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

As at 30 June 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 30 June 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 Six-Month 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 30 June 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 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 the shares Mr. Cai was interested in by virtue of the SFO.

Save as disclosed above, as at 30 June 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.

SHARE OPTION SCHEME

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

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

The Share Option Scheme will remain in force for a period of ten years commencing on 6 November 2017. For more details, please refer to the section headed "Statutory and General Information — Share Option Scheme" in Appendix IV of the Prospectus. The remaining life of the Share Option Scheme is approximately 4 years and 2 months.

Up to 30 June 2023, no share option has been granted under the Share Option Scheme. As at 1 January 2023 and 30 June 2023, the total number of shares of the Company in respect of which share options are available for grant under the Share Option Scheme was 32,000,000 ordinary shares, being 10% of the total number of ordinary shares of the Company in issue as at the Listing Date and approximately 8.33% of the number of shares of the Company in issue as at the date of this report.

Corporate Governance and Other Information

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Six-Month 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 Six-Month 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 Six-Month 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 Directors has confirmed that he/she has complied with the required standard of dealings during the Six-Month 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. Huen, Felix Ting Cheung (chairman of the Audit Committee), Mr. Yim Hong Cheuk Foster and Ms. Cheang Ana.

The Audit Committee has reviewed the interim results of the Group for the Six-Month Review Period. The Audit Committee is of the view that the condensed consolidated financial information has 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 Six-Month Review Period are unaudited and have not been audited or reviewed by the Company's auditors.

Corporate Governance and Other Information

EVENTS AFTER THE REPORTING PERIOD

Reference is made to the announcement of the Company dated 19 June 2023 in relation to the renewal of the tenancy agreement concerning the An Nam restaurant in Festival Walk. The Group renewed the tenancy agreement for one year from 14 September 2023 to 13 September 2024.

References are made to the announcements of the Company dated 17 May 2023, 14 July 2023 and 25 July 2023 in relation to the renewal of the tenancy agreement concerning the Paper Moon restaurant in Harbour City. The Group renewed the tenancy agreement for two years from 15 June 2023 to 14 June 2025.

References are made to the announcements of the Company dated 8 July 2022, 18 April 2023 and 21 April 2023 in relation to the leasing of a premises for the opening of a new restaurant serving Huaiyang/Shanghainese cuisine in The Wai of Sha Tin. The new restaurant under the trade name of "Modern Shanghai Imperial" was opened on 22 July 2023.

Save as disclosed above, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2023 and up to the date of this report.

DIVIDEND

The Board did not recommend the payment of any dividend for the Six-Month Review Period (2022: nil).

MATERIAL ACQUISITION AND DISPOSAL

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

PUBLICATION OF INTERIM REPORT

This interim report is 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. The interim report of the Company for the Six-Month Review Period containing all the information required by the GEM Listing Rules will be despatched to the Shareholders and published on the above websites in due course.

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

Hong Kong, 7 August 2023

As at the date of this report, the executive Directors are Mr. 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.