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**1957 & Co. (Hospitality) Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8495)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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

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

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

This announcement, for which the directors (the “**Directors**”) of 1957 & Co. (Hospitality) Limited (the “**Company**”, 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 year ended 31 December 2023:

- the Group recorded revenue of approximately HK\$471.8 million, representing an increase of approximately 33.7% as compared to the corresponding year ended 31 December 2022;
- the Group recorded loss after tax of approximately HK\$0.9 million (2022: profit of HK\$3.3 million);
- the Group recorded an adjusted profit before income tax of approximately HK\$2.9 million (2022: adjusted loss of HK\$11.6 million) before the effects of the government grants received, impairment loss on property, plant and equipment and impairment loss on trade receivables; and
- the Board did not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: nil).

## RESULTS

The board of Directors of the Company (the “**Board**”) is pleased to announce the consolidated results of the Group for the year ended 31 December 2023, together with the comparative figures for the year ended 31 December 2022, as follows:

### CONSOLIDATED INCOME STATEMENT

*For the year ended 31 December 2023*

	<i>Note</i>	<b>2023</b> <i>HK\$’000</i>	2022 <i>HK\$’000</i>
Revenue	4	<b>471,849</b>	352,877
Other (losses)/gains and income, net	5	<b>(117)</b>	18,758
Cost of inventories sold		<b>(125,782)</b>	(102,046)
Employee benefit expenses		<b>(167,713)</b>	(133,333)
Depreciation and amortisation		<b>(85,610)</b>	(60,986)
Royalty fees		<b>(6,610)</b>	(3,686)
Rental expenses		<b>(9,847)</b>	(5,103)
Utilities		<b>(12,337)</b>	(10,551)
Impairment loss on trade receivables		<b>(1,256)</b>	(234)
Impairment loss on property, plant and equipment		<b>(2,157)</b>	(179)
Other operating expenses	7	<b>(51,626)</b>	(45,286)
<b>Operating profit</b>		<b>8,794</b>	10,231
Finance income		<b>1,201</b>	185
Finance costs		<b>(10,035)</b>	(4,555)
Finance costs, net	6	<b>(8,834)</b>	(4,370)
Share of losses of associates		<b>(434)</b>	(1,544)
<b>(Loss)/profit before income tax</b>		<b>(474)</b>	4,317
Income tax expense	8	<b>(453)</b>	(1,002)
<b>(Loss)/profit for the year</b>		<b>(927)</b>	3,315
<b>(Loss)/profit for the year attributable to:</b>			
— Owners of the Company		<b>(6,246)</b>	(533)
— Non-controlling interests		<b>5,319</b>	3,848
		<b>(927)</b>	3,315
<b>Losses per share attributable to owners of the Company for the year (HK cents)</b>			
— Basic and diluted	10	<b>(1.63)</b>	(0.14)

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>(Loss)/profit for the year</b>	<b>(927)</b>	3,315
<b>Other comprehensive loss</b>		
<i>Items that may be reclassified to profit or loss</i>		
— Currency translation differences	<b>(76)</b>	(278)
— Share of other comprehensive loss of associates accounted for using the equity method	<b>(4)</b>	(123)
<b>Total comprehensive (loss)/income for the year</b>	<b>(1,007)</b>	2,914
<b>Total comprehensive (loss)/income for the year attributable to:</b>		
— Owners of the Company	<b>(6,326)</b>	(934)
— Non-controlling interests	<b>5,319</b>	3,848
	<b>(1,007)</b>	2,914

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2023*

	<i>Note</i>	2023 <b>HK\$'000</b>	2022 <b>HK\$'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		198,941	93,333
Intangible assets		742	862
Other non-current deposit and prepayment		19,050	52,164
Interest in associates		–	438
Deferred tax assets		14,681	10,510
		233,414	157,307
<b>Current assets</b>			
Inventories		2,637	2,357
Trade receivables	<i>11</i>	8,877	8,621
Prepayments, deposits and other receivables		17,669	16,124
Amount due from an associate		139	126
Tax recoverable		457	3,750
Pledged bank deposits		5,076	9,063
Cash and cash equivalents		64,766	54,175
		99,621	94,216
<b>Total assets</b>		333,035	251,523
<b>EQUITY</b>			
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	<i>12</i>	38	38
Share premium	<i>12</i>	100,980	100,980
Capital reserve		(2,983)	(2,983)
Exchange reserve		(506)	(426)
Accumulated losses		(39,139)	(32,893)
		58,390	64,716
Non-controlling interest		12,954	11,065
<b>Total equity</b>		71,344	75,781

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	<i>Note</i>	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		<b>86,640</b>	31,226
Provision for reinstatement costs		<b>8,316</b>	2,116
		<u><b>94,956</b></u>	<u>33,342</u>
<b>Current liabilities</b>			
Trade payables	<i>13</i>	<b>22,444</b>	19,539
Accruals and other payables		<b>27,818</b>	39,480
Lease liabilities		<b>59,756</b>	41,795
Contract liabilities		<b>2,196</b>	770
Income tax payable		<b>3,505</b>	46
Loans from non-controlling shareholders	<i>15</i>	<b>7,600</b>	7,600
Bank borrowings	<i>14</i>	<b>43,416</b>	33,170
		<u><b>166,735</b></u>	<u>142,400</u>
<b>Total liabilities</b>		<u><b>261,691</b></u>	<u>175,742</u>
<b>Total equity and liabilities</b>		<u><b>333,035</b></u>	<u>251,523</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

1957 & Co. (Hospitality) Limited (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 (together, the “**Group**”) are principally engaged in operation of restaurants and catering management and consultancy services.

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

The Company has listed its shares on the GEM of The Stock Exchange of Hong Kong Limited (“**GEM**”) on 5 December 2017.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of preparation

- (i) *Compliance with HKFRS and disclosure requirements of the Hong Kong Companies Ordinance*

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

- (ii) *Historical cost convention*

The consolidated financial statements have been prepared on a historical cost basis.

(iii) *Adoption of new standards, interpretation and amendments to standards*

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)
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules

The adoption of the above new standards, interpretation and amendments to standards did not have any significant financial impact on these consolidated financial statements.

(iv) *New standards, interpretation and amendments to standards which are not yet effective*

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:

		<b>Effective for accounting periods beginning on or after</b>
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
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	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
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
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, which is a measure of adjusted (loss)/profit before income tax. The adjusted (loss)/profit before income tax is measured consistently with the Group’s (loss)/profit before income tax except that other (losses)/gains and income, net, finance income, finance costs (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.

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

#### Segment revenue and results

*Year ended 31 December 2023*

	Operation of restaurants <i>HK\$’000</i>	Catering management and consultancy services <i>HK\$’000</i>	Total <i>HK\$’000</i>
Total segment revenue	471,105	28,893	499,998
Inter-segment revenue	–	(28,149)	(28,149)
	<u>471,105</u>	<u>744</u>	<u>471,849</u>
<b>Revenue from external customers</b>			
	<u>471,105</u>	<u>744</u>	<u>471,849</u>
<b>Result</b>			
Segment profit	<u>30,400</u>	<u>89</u>	30,489
Other losses and income, net			(117)
Unallocated staff costs			(22,442)
Unallocated depreciation and amortisation			(4,343)
Unallocated utilities and consumables			(51)
Unallocated other expenses			(3,576)
Share of losses of associates			(434)
Loss before income tax			<u>(474)</u>
<b>Other segment items</b>			
Depreciation and amortisation	(81,268)	–	(81,268)
Impairment loss on trade receivables	–	(1,256)	(1,256)
Impairment loss on property, plant and equipment	(2,157)	–	(2,157)
Finance income	1,039	162	1,201
Finance costs	(9,969)	(66)	(10,035)

Year ended 31 December 2022

	Operation of restaurants <i>HK\$'000</i>	Catering management and consultancy services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Total segment revenue	351,026	22,641	373,667
Inter-segment revenue	–	(20,790)	(20,790)
<b>Revenue from external customers</b>	<u>351,026</u>	<u>1,851</u>	<u>352,877</u>
<b>Result</b>			
Segment profit	<u>12,443</u>	<u>1,476</u>	13,919
Other gains and income, net			18,758
Unallocated staff costs			(20,309)
Unallocated depreciation and amortisation			(2,905)
Unallocated utilities and consumables			(32)
Unallocated other expenses			(3,570)
Share of losses of associates			<u>(1,544)</u>
Profit before income tax			<u>4,317</u>
<b>Other segment items</b>			
Depreciation and amortisation	(58,081)	–	(58,081)
Impairment loss on trade receivables	–	(234)	(234)
Impairment loss on property, plant and equipment	(179)	–	(179)
Finance income	177	8	185
Finance costs	<u>(4,512)</u>	<u>(43)</u>	<u>(4,555)</u>

**Information about major customers**

There are no single external customers who contributed more than 10% of the revenue of the Group during the year ended 31 December 2023 (2022: same).

## Segment assets and liabilities

At 31 December 2023

	Operation of restaurants <i>HK\$'000</i>	Catering management and consultancy services <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segments assets	<u>384,169</u>	<u>94,992</u>	<u>6,226</u>	<u>(152,352)</u>	<u>333,035</u>
Segment liabilities	<u>344,833</u>	<u>66,626</u>	<u>2,584</u>	<u>(152,352)</u>	<u>261,691</u>

At 31 December 2022

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

## 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 31 December 2023 and 2022. Accordingly, no analysis by geographical segment is provided.

#### 4 REVENUE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Operation of restaurants, recognised at a point in time	471,105	351,026
Catering management and consultancy services, recognised overtime	744	1,851
	<u>471,849</u>	<u>352,877</u>

#### 5 OTHER (LOSSES)/GAINS AND INCOME, NET

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Government grants	48	16,307
Sponsorship income	–	700
Event income	–	841
Loss on disposal of property, plant and equipment	(254)	–
Sundry income	89	910
	<u>(117)</u>	<u>18,758</u>

Employment Support Scheme of approximately HK\$48,000 (2022: HK\$9,438,000) and Catering Business (Social Distancing) Subsidy Scheme of nil (2022: HK\$6,869,000) were recognised for the year ended 31 December 2023. There are no unfulfilled conditions or other contingencies attaching to these grants.

#### 6 FINANCE COSTS, NET

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Finance income</b>		
Interest income	544	59
Imputed interest income on deposit paid	657	126
	<u>1,201</u>	<u>185</u>
<b>Finance costs</b>		
Interest expenses on bank borrowings	(2,354)	(354)
Interest expenses on lease liabilities	(7,503)	(1,922)
Interests charge on discounts	(178)	(2,279)
	<u>(10,035)</u>	<u>(4,555)</u>
Finance costs, net	<u>(8,834)</u>	<u>(4,370)</u>

## 7 OTHER OPERATING EXPENSES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Auditor's remuneration		
— Audit services	1,110	1,110
— Non-audit services	359	366
Advertising and promotion	2,548	1,672
Cleaning and laundry expenses	15,652	12,537
Credit card charges	6,931	5,160
Commission	3,404	3,231
Decoration, repairs and maintenance	6,672	4,802
Legal and professional fees	3,970	6,129
Entertainment	225	785
Telecommunication charges	308	224
Storage expenses	352	256
Motor vehicle expenses	210	203
Printing expenses	1,281	1,129
Restaurant supplies and consumables	5,646	5,631
Travelling expenses	267	376
Reservation system handling charges	1,228	824
Others	1,463	851
	<u>51,626</u>	<u>45,286</u>

## 8 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5%. For the years ended 31 December 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.

The amount of income tax expense charged to the consolidated income statement represents:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current profits tax		
— Current income tax for the year	4,582	802
— Under/(over) provision in prior year	42	(46)
Deferred tax (credit)/expense	<u>(4,171)</u>	<u>246</u>
Income tax expense	<u>453</u>	<u>1,002</u>

The taxation on the Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the tax rate of Hong Kong as follows:

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
(Loss)/profit before income tax	<b>(474)</b>	4,317
Share of losses of associates	<b>434</b>	1,544
	<b>(40)</b>	5,861
Tax calculated at applicable taxation rates	<b>(7)</b>	929
Effect of different tax rate of operations in other jurisdiction	<b>(16)</b>	165
Tax incentive	–	(336)
Income not subject to tax	<b>(206)</b>	(2,700)
Expenses not deductible for tax purposes	<b>883</b>	1,405
Under/(over) provision in prior year	<b>42</b>	(46)
Utilisation of tax loss previously not recognised	<b>(500)</b>	–
Reverse of deferred tax asset previously recognised	<b>2,254</b>	1,233
Tax losses previously not recognised	<b>(1,997)</b>	–
Tax losses and other temporary differences for which no deferred income tax asset recognised	–	352
Income tax expense	<b>453</b>	1,002

## 9 DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: nil).

## 10 LOSSES PER SHARE

### (a) Basic

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

	<b>2023</b>	2022
Loss attributable to owners of the Company (HK\$'000)	<b>(6,246)</b>	(533)
Weighted average number of ordinary shares in issue (in thousands)	<b>384,000</b>	384,000
Basic losses per share (HK cents)	<b>(1.63)</b>	(0.14)

### (b) Diluted

Diluted losses per share for the years ended 31 December 2023 and 2022 were the same as the basic losses per share as there were no potential dilutive ordinary shares.

## 11 TRADE RECEIVABLES

The aging analysis of the trade receivables based on invoice date is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
1 to 30 days	5,159	3,111
31 to 60 days	318	984
61 to 90 days	658	251
Over 90 days	<u>2,742</u>	<u>4,275</u>
	<u><u>8,877</u></u>	<u><u>8,621</u></u>

## 12 SHARE CAPITAL AND SHARE PREMIUM

	Number of shares of the Company	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>
<b>Authorised:</b> Ordinary share capital of HK\$0.0001 each as at 31 December 2022 and 2023	<u>3,800,000,000</u>	<u>380</u>	<u>–</u>
<b>Issued and fully paid:</b> As at 1 January 2022, 31 December 2022 and 31 December 2023	<u>384,000,000</u>	<u>38</u>	<u>100,980</u>

## 13 TRADE PAYABLES

An aging analysis of trade payables based on invoice date as at the date of consolidated statement of financial position is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
1 to 30 days	12,145	10,209
31 to 60 days	10,029	9,014
61 to 90 days	4	5
Over 90 days	<u>266</u>	<u>311</u>
	<u><u>22,444</u></u>	<u><u>19,539</u></u>

## 14 BANK BORROWINGS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<i>Current</i>		
Bank borrowings	<u>43,416</u>	<u>33,170</u>

The Group's bank borrowings as at 31 December 2023 and 2022 were all denominated in HK\$.

As at 31 December 2023, the Group's bank borrowings were secured by corporate guarantees given by the Company (2022: same) and pledged bank deposits of HK\$5,076,000 (2022: HK\$7,047,000).

As at 31 December 2023, certain banking facilities available to the Group were secured by personal guarantee provided by the controlling shareholder (2022: nil).

The weighted average effective interest rate of the bank borrowings as at 31 December 2023 was 4.9% per annum (2022: 5.2% per annum).

The carrying amounts of the Group's bank borrowings at 31 December 2023 and 2022 approximate their fair values.

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 1 year	8,497	6,482
Between 1 and 2 years	9,058	5,979
Between 2 and 5 years	24,356	18,708
Over 5 years	<u>1,505</u>	<u>2,001</u>
	<u>43,416</u>	<u>33,170</u>

The Group did not breach any financial bank covenant during the year ended 31 December 2023 (2022: none).

## 15 LOANS FROM NON-CONTROLLING SHAREHOLDERS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-trading balances:		
Chairman Food & Beverage Management Limited ( <i>Note (a)</i> )	4,700	4,700
Jarrett Investments Limited ( <i>Note (b)</i> )	<u>2,900</u>	<u>2,900</u>
	<u><u>7,600</u></u>	<u><u>7,600</u></u>

*Notes:*

- (a) The loan from non-controlling shareholder is unsecured, interest-free and repayable six months after the subsidiary achieves net profit position. The carrying amount of the balance approximates its fair value and is denominated in HK\$.
- (b) The loan from non-controlling shareholder is unsecured, interest-free and repayable one month after the subsidiary achieves net cash inflow. The carrying amount of the balance approximates its fair value and is denominated in HK\$.

## 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 year ended 31 December 2023, the Group had been principally engaged in operating full service restaurants under various brands and was dedicated to serving quality Japanese, Thai, Vietnamese, Shanghainese and Italian cuisines to different customers. In addition to the restaurant operation business, the Group also provided catering management and consultancy services in Hong Kong and the People's Republic of China (the "PRC").

## BUSINESS REVIEW

### Hong Kong

During the year ended 31 December 2023, the Group (1) opened two new restaurants in Hong Kong, namely Gonpachi restaurant at One Peking in Tsimshatsui and Modern Shanghai Imperial restaurant at The Wai in Shatin; (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 31 December 2023, the Group had a total of thirteen restaurants under six self-owned brands in Hong Kong, namely, Akanoshou, An Nam, Modern Shanghai, Modern Shanghai Imperial, 10 Shanghai and Hokkaidon and three franchised or sub-licensed brands, namely, Mango Tree, Gonpachi and Paper Moon.

During the year ended 31 December 2023, three tenancy agreements have been signed for the renewal of:

- (a) an existing Italian cuisine restaurant (where our Paper Moon restaurant is located) at Harbour City in Tsimshatsui, 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) at Yoho Mall in Yuen Long, 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) at Festival Walk in Kowloon, the expiry of lease had been extended from 14 September 2023 to 13 September 2024.

## **The PRC**

As at 31 December 2023, 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 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 year. The Group will continue to closely monitor the performances of its minority stake invested restaurants in the PRC.

## **FINANCIAL REVIEW**

### **Revenue**

During the year ended 31 December 2023, 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 restaurant management services. As at 31 December 2023, the Group was operating thirteen (2022: thirteen) restaurants, of which two (2022: two) restaurants were newly opened and two (2022: one) restaurants were closed down during the year.

The revenue increased by approximately 33.7% from approximately HK\$352.9 million for the year ended 31 December 2022 to approximately HK\$471.8 million for the year ended 31 December 2023.

The Group's restaurants served mainly five different cuisines during the year. 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 years indicated:

	For the year ended 31 December			
	2023		2022	
	Revenue	% of total revenue from operation of restaurant approximately (%)	Revenue	% of total revenue from operation of restaurant approximately (%)
	<i>HK\$'000</i>		<i>HK\$'000</i>	
Shanghainese	184,943	39.2	125,064	35.6
Japanese	117,681	25.0	72,329	20.6
Thai	52,793	11.2	68,342	19.5
Vietnamese	64,030	13.6	43,327	12.3
Italian	51,658	11.0	41,964	12.0
	<u>471,105</u>	<u>100.0</u>	<u>351,026</u>	<u>100.0</u>
Total revenue from operation of restaurants in Hong Kong				

#### *Shanghainese-style restaurants*

The revenue generated from operation of Shanghainese-style restaurants increased by approximately HK\$59.8 million, or approximately 47.8%, from approximately HK\$125.1 million for the year ended 31 December 2022 to approximately HK\$184.9 million for the year ended 31 December 2023. The increase in revenue was mainly due to the revenue generated from the newly opened Modern Shanghai Imperial restaurant at The Wai in Shatin in late July 2023 and the uplifting of all social distancing measures on catering business by the Hong Kong government.

#### *Japanese-style restaurants*

The revenue generated from operation of Japanese-style restaurants increased by approximately HK\$45.4 million, or approximately 62.8%, from approximately HK\$72.3 million for the year ended 31 December 2022 to approximately HK\$117.7 million for the year ended 31 December 2023. The substantial increase was mainly due to the revenue generated from the newly opened Gonpachi restaurant at One Peking in Tsimshatsui in mid-January 2023 and the uplifting of all social distancing measures on catering business by the Hong Kong government.

### *Thai-style restaurants*

The revenue generated from operation of Thai-style restaurants decreased by approximately HK\$15.5 million, or approximately 22.7%, from approximately HK\$68.3 million for the year ended 31 December 2022 to approximately HK\$52.8 million for the year ended 31 December 2023. The decrease was mainly due to the drop in revenue caused by the closure of Mango Tree restaurant at Cityplaza in Taikoo Shing and 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\$20.7 million, or approximately 47.8%, from approximately HK\$43.3 million for the year ended 31 December 2022 to approximately HK\$64.0 million for the year ended 31 December 2023. The substantial increase was mainly due to the uplifting of all social distancing measures on catering business by the Hong Kong government.

### *Italian-style restaurant*

The revenue generated from operation of Italian-style restaurant increased by approximately HK\$9.7 million, or approximately 23.1%, from approximately HK\$42.0 million for the year ended 31 December 2022 to approximately HK\$51.7 million for the year ended 31 December 2023. The increase was mainly due to the uplifting of all social distancing measures on catering business by the Hong Kong government.

## **Major components of consolidated income statement**

	<b>For the year ended 31 December</b>			
	<b>2023</b>		<b>2022</b>	
	<i>HK\$'000</i>	<i>% of revenue</i>	<i>HK\$'000</i>	<i>% of revenue</i>
Other losses/(gains) and income, net	<b>117</b>	<b>0.0%</b>	(18,758)	5.3%
Cost of inventories sold	<b>125,782</b>	<b>26.7%</b>	102,046	28.9%
Employee benefit expenses	<b>167,713</b>	<b>35.5%</b>	133,333	37.8%
Depreciation and amortisation	<b>85,610</b>	<b>18.1%</b>	60,986	17.3%
Impairment loss on trade receivables	<b>1,256</b>	<b>0.3%</b>	234	0.1%
Impairment loss on property, plant and equipment	<b>2,157</b>	<b>0.5%</b>	179	0.1%
Rental expenses	<b>9,847</b>	<b>2.1%</b>	5,103	1.4%
Utilities	<b>12,337</b>	<b>2.6%</b>	10,551	3.0%
Finance costs, net	<b>8,834</b>	<b>1.9%</b>	4,370	1.2%

### **Other losses/(gains) and income, net**

The Group recorded other losses and income, net of approximately HK\$0.1 million for the year ended 31 December 2023 (2022: other gains and income, net of HK\$18.8 million). The substantial decrease was mainly resulted from the absence of government grants during the year.

### **Cost of inventories sold**

The cost of inventories consumed mainly represents the cost of food ingredients and beverages for the operation of the Group's restaurants. The major food ingredients purchased by the Group include, but not limited to, meat, seafood, frozen food, vegetables and beverages. Cost of inventories consumed is one of the major components of the Group's operating expenses which amounted to approximately HK\$102.0 million and HK\$125.8 million for the years ended 31 December 2022 and 2023, respectively, representing approximately 29.1% and 26.7% of the Group's total revenue generated from operation of restaurants for the corresponding year. The cost of inventories sold as a percentage of revenue decreased, mainly contributed by cost reduction measures.

### **Employee benefit expenses**

Employee benefit expenses primarily consist of salaries, wages and allowances, pension costs and other employee benefits, and represents one of the largest components of the operating expenses of the Group. As a percentage of revenue, the employee benefit expenses slightly reduced from 37.8% for the year ended 31 December 2022 to 35.5% for the year ended 31 December 2023. The employee benefit expenses increased from approximately HK\$133.3 million for the year ended 31 December 2022 to approximately HK\$167.7 million for the year ended 31 December 2023, representing an increase of approximately 25.8% in comparison. The increase in employee benefit expenses was to maintain sufficient staff level for our restaurants during the year which is consistent with the growth in the Group's revenue.

The Directors recognise the importance of retaining quality staff while believing that the resulting upward pressure on the total employee benefit expenses 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\$61.0 million and HK\$85.6 million for the years ended 31 December 2022 and 2023, respectively for its right-of-use assets, leasehold improvements, furniture and fixtures, catering and other equipment, motor vehicle and intangible asset. As a percentage of revenue, the depreciation and amortisation slightly increased from 17.3% for the year ended 31 December 2022 to 18.1% for the year ended 31 December 2023. Such increase was contributed by the new leases and depreciation charges incurred for five new restaurants with additions of property, plant and equipment acquired as compared to the same period in 2022.

The depreciation charged on the right-of-use assets amounted to approximately HK\$50.4 million and HK\$66.6 million for the years ended 31 December 2022 and 2023, respectively. The depreciation of the right-of-use assets was charged on a straight-line basis over the lease term. The lease terms of the leased premises are generally between one to six years, with some lease agreements providing an option for the Group to renew such lease terms, exercisable at our discretion.

The depreciation charged for the leasehold improvements amounted to approximately HK\$8.5 million and HK\$14.2 million for the years ended 31 December 2022 and 2023, respectively. The depreciation of the leasehold improvements was charged on a straight-line basis over the shorter of five years or the remaining lease term.

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 charged 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.

## **Impairment loss on trade receivables**

The Group recorded an impairment loss on trade receivables of approximately HK\$1.3 million (2022: HK\$0.2 million), representing 0.3% of revenue for the year ended 31 December 2023. The impairment loss on trade receivables is based on the expected credit loss rate on the trade receivables due from associates.

## **Impairment loss on property, plant and equipment**

The Group recorded an impairment loss on property, plant and equipment of approximately HK\$2.2 million (2022: HK\$0.2 million) for the year ended 31 December 2023, for which the management of the Group determined that the recoverable amount of certain cash generating unit is lower than the carrying amount.

## **Rental expenses**

The rental expenses, which mainly represent turnover rent and government rates, for the year ended 31 December 2023 amounted to approximately HK\$9.8 million, representing an increase of approximately 92.2% as compared with that for the year ended 31 December 2022 which amounted to approximately HK\$5.1 million. The increase was due to the increase in revenue of our restaurants which led to an increase in turnover rent incurred. As a percentage of revenue, rental expenses increased from 1.4% for the year ended 31 December 2022 to 2.1% for the year ended 31 December 2023.

## **Utilities**

Utilities primarily consist of electricity, gas and water supplies of the Group. For the years ended 31 December 2022 and 2023, the total utilities amounted to approximately HK\$10.6 million and HK\$12.3 million, respectively. As a percentage of revenue, utilities decreased slightly from 3.0% for the year ended 31 December 2022 to 2.6% for the year ended 31 December 2023.

## **Income tax expenses**

The Group recorded income tax expenses of approximately HK\$0.5 million for the year ended 31 December 2023 (2022: HK\$1.0 million). Such decrease was mainly due to the drop in revenue and less profit recorded for certain of our restaurants for the year.

## **(Loss)/profit for the year**

The Group recorded a loss of approximately HK\$0.9 million for the year ended 31 December 2023 as compared to a profit of approximately HK\$3.3 million for the corresponding period in 2022.

The loss was mainly attributable to the decrease in other gains and income due to the reduction in subsidies of approximately HK\$16.3 million received by the Group from the Hong Kong government from the Employment Support Scheme and Catering Business (Social Distancing) Subsidy Scheme under the Anti-epidemic Fund.

The Company will continue to closely monitor the performances of its restaurants, formulate adequate strategies and strike a balance between improving the financial performance of the restaurants and providing decent dining experiences at reasonable prices.

## 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 year ended 31 December 2023, the Group generated 99.8% 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, employee benefit expenses 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 31 December 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.

## **LIQUIDITY AND FINANCIAL RESOURCES**

### **Capital structure**

There was no change in the capital structure of the Group during the year ended 31 December 2023.

### **Cash position**

As at 31 December 2023, the cash and cash equivalents of the Group amounted to approximately HK\$64.8 million (2022: HK\$54.2 million), which were mainly denominated in Hong Kong dollar, representing an increase of approximately 19.6% as compared to that as at 31 December 2022. The increase was mainly due to the net cash generated from operating activities of the Group during the year.

### **Borrowings**

As at 31 December 2023, the total bank borrowings of the Group, all of which were denominated in Hong Kong dollar, amounted to approximately HK\$43.4 million (2022: HK\$33.2 million) that bore floating interest rates from 4.4% to 8.0% per annum (2022: 2.6% to 6.1%). No financial instrument was being used for interest rate hedging purpose. Details of the maturity profile of the bank borrowings are set out in note 14 to the consolidated financial statements.

As at 31 December 2023, the total loans from non-controlling shareholders, which were denominated in Hong Kong dollar, amounted to approximately HK\$7.6 million (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 years ended 31 December 2023 and 2022.

### **Pledge**

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

### **Gearing ratio**

As at 31 December 2023, the gearing ratio of the Group was approximately 71.5% (2022: 53.8%). The resulted increase was mainly attributable to the effect of the addition of bank borrowings during the year. The gearing ratio is calculated based on the total borrowings, which include bank borrowings and loans from non-controlling shareholders, divided by the total equity of the Company at the end of the respective period.

## **OPERATING LEASE COMMITMENTS**

The Group was committed to making future minimum lease payments in respect of staff quarters under non-cancellable operating lease. The Group did not have any operating lease commitments not yet commenced as at 31 December 2023 (2022: HK\$15,000).

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES**

The Group did not have any material acquisition or disposal of subsidiaries and associates during the year ended 31 December 2023.

## **CONTINGENT LIABILITIES**

As at 31 December 2023, the Group had no significant contingent liabilities.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

Save as disclosed in the prospectus of the Company dated 23 November 2017, the subsequent published annual reports and interim reports, the Group did not have other plans for material investments and capital assets as of the date of this announcement. The sources of funding are the internal resources and contribution from associates/joint ventures partners. However, the Group will continue be cautious in further expanding our business by exercising due care and examining adequate opportunities and planning for the opening and investing in new restaurants.

## **CAPITAL COMMITMENTS**

As at 31 December 2023, the Group did not have any capital expenditure contracted for but not recognised as liabilities (2022: HK\$422,000).

## **DIVIDEND**

The Board did not recommend the payment of final dividend for the year ended 31 December 2023 (2022: nil).

## **FOREIGN EXCHANGE EXPOSURE**

The Group operates in Hong Kong with majority of the transactions being settled in Hong Kong dollars. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, which are denominated in a currency that is not the functional currency of the Group.

The transactions and monetary assets denominated in Renminbi (“**RMB**”) are minimal for the years ended 31 December 2022 and 2023, the Group considers there were no significant foreign exchange risks in respect of RMB for both years.

## **FUNDING AND TREASURY POLICIES AND RISK MANAGEMENT**

The Group finances its operation and capital expenditures through a combination of internal resources, bank borrowing and/or equity fund raising with an aim to maintain a healthy financial position and sustainable capital structure. The Group closely monitors its cash level, borrowing portfolio and market interest rates in order to arrive at an adequate borrowing portfolio. In view of the daily liquidity need of the catering business, the Group mainly maintains its cash and cash equivalents in saving and current accounts or short term fixed deposits. The Group also reviews, from time to time, the need of entering into hedging activities, while during the year ended 31 December 2023, no hedging financial instrument had been acquired or disposed of by the Group. As at 31 December 2023, the Group's credit risk is primarily attributable to trade receivables, pledged bank deposit and cash and cash equivalents.

The Group deposits its fixed deposits and cash and cash equivalents with approved and reputable banks. Bankruptcy or insolvency of the banks may cause the Group's right with respect to cash and cash equivalents held to be delayed or limited. Management monitors the credit rating of these banks on an ongoing basis, and considers that the Group's exposure to credit risk is minimal.

As at 31 December 2023, the Group has no significant concentrations of credit risk due to the customers' base being large and unrelated. For trade receivables, the management considers the credit risk on long aged balances and make adequate provision by assessing the expected credit loss rate for those amount. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk.

In relation to the management of liquidity risk, the Group's policy is to regularly monitor the liquidity requirements in order to maintain sufficient reserves of cash and adequate committed lines of funding from major banks to meet the liquidity requirements in short and long term.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2023, the total number of full-time and part-time employees of the Group was 529 (2022: 467). Total employee benefit expenses (including Directors' emoluments) were approximately HK\$167.7 million for the year ended 31 December 2023 (2022: HK\$133.3 million).

Employees' remuneration is commensurate with their job nature, qualifications and experience. Salaries and wages are normally reviewed annually based on performance appraisals and other relevant factors.

The Group continues to offer competitive remuneration packages and bonus to eligible staff, based on the performance of the Group and the individual employee.

## **SHARE OPTION SCHEME**

The Company adopted a share option scheme on 6 November 2017. As at the date of this announcement, no share option has been granted.

## **LITIGATIONS**

As at 31 December 2023, the Group is not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is pending or threatened by or against any member of the Group.

## **PROSPECT**

In 2023, our strategic efforts have been instrumental in driving revenue growth and capturing market share, further strengthening our brand presence and customer loyalty as evident that revenue has increased by approximately 33.7% to HK\$471.8 million when comparing with 2022. We will continue to optimise our supply chain, streamline operations, and control costs effectively. We have invested in enhancing our restaurant ambiance, service quality, and menu offerings. Additionally, we have embraced digital solutions to provide convenient and seamless customer experiences and to enhance staff productivity, including dish collecting robots, mobile ordering platforms and loyalty programs. By exceeding customer expectations and fostering strong connections, we have built a loyal customer base that fuels our revenue growth.

Furthermore, the Group will continue to diversify its income stream by expanding into various businesses, including food supply chain business, sub-franchising business and the restaurant consultancy business in Hong Kong and the PRC. We are pleased to announce our new venture by introducing our own brand name products. These products will include a range of offerings, such as Chinese soup pack, Iberico ham, and pre-packaged meals. Launching our own brand name products represents a significant milestone for the Company and demonstrates our commitment to innovation, quality, and meeting the evolving needs of our customers. We have carefully curated these product categories to align with consumer preferences and market demands, ensuring that our offerings are both enticing and competitive. We look forward to the successful launch of our own brand name products and the positive impact they may bring to the Company's growth, customer satisfaction, and overall brand reputation.

Currently, we are operating thirteen restaurants in Hong Kong, comprising nine under our own brands and four 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 year.

New restaurants, namely Gonpachi restaurant at One Peking in Tsimshatsui and Modern Shanghai Imperial restaurant at The Wai in Shatin were opened in January 2023 and July 2023 respectively. In March 2024, a new tenancy agreement has been signed for the opening of a new Shanghainese cuisine restaurant at The LOHAS in Tseung Kwan O.

As we move forward, we will continue to elevate the quality of our restaurants and assess opportunities for organic growth and investment. Our goal is to optimise our position for sustainable long-term expansion while delivering consistent returns for the shareholders of the Company (the “**Shareholders**”). We remain steadfast in our commitment to delivering exceptional experiences and maintaining our position in the market.

## **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 C1 to 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 year. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

Further information on the Group’s corporate governance practices will be set out in the Corporate Governance Report contained in the Group’s annual report for the year ended 31 December 2023, which will be sent to the Shareholders in due course.

## **DIRECTORS’ INTEREST IN COMPETING BUSINESS**

During the year ended 31 December 2023, 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.

## **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 Directors, each of the Directors has confirmed that he/she has complied with the required standard of dealings during the year.

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.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the year ended 31 December 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed 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 Group's consolidated financial statements and annual results for the year ended 31 December 2023. The Audit Committee is of the view that the consolidated financial statements have been prepared in accordance with the applicable accounting standards, the GEM Listing Rules and the statutory provisions, and sufficient disclosures have already been made.

The figures in respect of the Group's consolidated income statement, consolidated statement of financial position, and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no assurance has been expressed by PricewaterhouseCoopers in the preliminary announcement.

## **ANNUAL GENERAL MEETING**

The notice of the forthcoming annual general meeting of the Company will be published and dispatched to the Shareholders in the manner specified in the GEM Listing Rules in due course.

## **COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS**

The Company considers that effective communication with the Shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognises the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make the informed investment decisions.

A shareholders communication policy (the “**Shareholders Communication Policy**”) was adopted by the Board at the Board meeting held on 6 November 2017 aiming to provide the Shareholders and potential investors with ready and timely access to balanced and understandable information of the Company. Extensive information about the Company’s activities is provided in its annual reports and interim reports, which are sent to the Shareholders. The Company endeavours to maintain an on-going dialogue with the Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet the Shareholders and answer their enquiries. The notice of the annual general meeting is distributed to all Shareholders at least 21 days before the meeting. Separate resolutions are proposed at general meetings on each separate issue and voting of which is taken by poll pursuant to the GEM Listing Rules. Results of the poll are published on both the Stock Exchange’s website and the Company’s website. All corporate communications with the Shareholders will be posted on the Company’s website for Shareholders’ information.

The Company reviewed the implementation and effectiveness of the Shareholders Communication Policy for the year ended 31 December 2023 and considered it to be effective.

## **APPRECIATION**

On behalf of the Board, I would like to express my sincerest gratitude to our valued customers, business partners, and Shareholders for their persistent support, while also expressing my appreciation to the management team and employees for their valuable contribution to the development of the Group.

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

Hong Kong, 26 March 2024

*As at the date of this announcement, 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.*

*This announcement will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) for at least 7 days from the date of publication and on the website of the Company at [www.1957.com.hk](http://www.1957.com.hk).*