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1957 & Co. (Hospitality) Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8495)

DISCLOSEABLE TRANSACTION IN RELATION TO THE LEASE AGREEMENT OF A NEW RESTAURANT IN OLYMPIAN CITY

THE LEASE AGREEMENT

The Board announces that on 20 June 2019, Modern Shanghai (YOHO Midtown) Restaurant Limited, a 60% owned subsidiary of the Company (as the tenant), entered into the Lease Agreement with the Landlord to lease the Premises for a term of five years commencing from 16 July 2019 to 15 July 2024 for the opening of a new restaurant serving Huaiyang (淮陽)/Shanghainese cuisine under the trade name of “Modern Shanghai” in Olympian City 3.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios in respect of the Lease are greater than 5% but less than 25%, the Lease constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to reporting and announcement requirements but exempt from Shareholders’ approval requirement.

INTRODUCTION

The Board announces that on 20 June 2019, Modern Shanghai (YOHO Midtown) Restaurant Limited, a 60% owned subsidiary of the Company (as the tenant), entered into the Lease Agreement with the Landlord to lease the Premises for a term of five years commencing from 16 July 2019 to 15 July 2024 for the opening of a new restaurant serving Huaiyang (淮陽)/Shanghainese cuisine under the trade name of “Modern Shanghai” in Olympian City 3.

THE LEASE AGREEMENT

Details of the principal terms of the Lease Agreement are set out below:

Date: 20 June 2019

The Landlord: Best Profit Limited

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Landlord is principally engaged in property leasing, and the Landlord and its ultimate beneficial owners are the Independent Third Parties.

The Tenant: Modern Shanghai (YOHO Midtown) Restaurant Limited

The Premises: Shops Nos. G19, G20 and G21 on the ground floor of the Olympian City 3, 1 Hoi Wang Road South West Kowloon

Term: Five (5) years commencing from 16 July 2019 to 15 July 2024 (both days inclusive) with rent free period from 16 July 2019 to 13 September 2019 (both days inclusive)

The aggregate value of consideration payable: The aggregate value of consideration payable under the Lease Agreement including base rent, rent and rate, management fee and promotional levy by the Tenant is approximately HK\$25.7 million, which will be satisfied by internal resources of the Group (including, but not limited to, part of the proceeds from the Placing). The base rent shall be paid monthly in advance on the first day of each calendar month.

The Tenant is also subject to a turnover rent ranging from 12% to 13% during term of the Lease which, if there is any, shall be paid in arrears on the fifteenth day of each calendar month.

The rent under the Lease Agreement is determined after arm's length negotiations between the Landlord and the Tenant, after taking into consideration the prevailing market price for comparable premises in the vicinity of the Premises.

Deposit: Approximately HK\$1.4 million (representing three months of the highest monthly base rent and three months management fee, air-conditioning charges, government rates and rent, and promotional levy), which has been paid by the Tenant to upon signing of the Lease Agreement

User: Huaiyang (淮陽)/Shanghainese cuisine under the trade-name of “Modern Shanghai”

Based on information provided by the Landlord, the lettable area of the Premises is approximately 4,000 square feet.

THE RIGHT-OF-USE ASSET

Based on preliminary estimation of the Company, the value of the right-of-use asset to be recognised by the Company under the Lease Agreement shall amount to approximately HK\$22.2 million, which is the present value of aggregated lease payments, plus initial direct costs and estimated reinstatement cost with the lease in accordance with HKFRS 16. Discount rate of approximately 4.2% per annum is applied to compute the present value of aggregate lease payments under the Lease Agreement.

REASONS FOR ENTERING INTO OF THE LEASE AGREEMENT

The principal activity of the Company is investment holding. The Group is principally engaged in the operation of full-service restaurants under various brands and is dedicated to serving quality Japanese, Thai, Vietnamese, Shanghainese and Italian cuisines to different customers. In addition to the restaurant operation business, the Group also provides catering management and consultancy services in Hong Kong and the PRC.

The principal business of the Tenant is operating restaurants in Hong Kong.

As stated in the annual report of the Company for the year ended 31 December 2018, the Company plans to open or invest in and manage more restaurants under its existing brands, refined brands and new brands. As further stated in the announcement of the Company dated 15 May 2019, the Group intends to continue to expand its restaurant network and the Directors consider that the food and beverage industry in the PRC (especially the Guangdong-Hong Kong-Macao Greater Bay Area) has significant growth potential and expect that there will be an increasing demand for restaurant management and/or consultancy services.

Meanwhile, the Group is experienced in operating restaurants serving Huaiyang (淮陽)/Shanghainese and similar cuisine in Hong Kong, and currently operating two restaurants offering Huaiyang (淮陽)/Shanghainese cuisine in Causeway Bay and Yuen Long. Taking into account of, among other things, the existing restaurants around the Premises, the performance of the existing restaurants of the Group, the customers' feedbacks and demands on the existing restaurants of the Group, the location of the Premises and the prevailing market price for comparable premises in the vicinity of the Premises, the Board considers that the terms of the Lease Agreement are fair and reasonable, and the entering into of the Lease Agreement for the opening of a new restaurant serving Huaiyang (淮陽)/Shanghainese cuisine at the Premises is in the interests of the Company and its shareholders as a whole.

GENERAL

As the applicable percentage ratios in respect of the Lease are greater than 5% but less than 25%, the Lease constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to reporting and announcement requirements but exempt from Shareholders' approval requirement.

TERMS USED IN THIS ANNOUNCEMENT

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Company”	1957 & Co. (Hospitality) Limited, an exempted company incorporated in Cayman Islands with limited liability, the Shares of which are listed on GEM (stock code: 8495)
“connected persons”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons and is not acting in concert (as defined in the Codes on Takeovers and Mergers and Share Buy-backs) with any of the connected persons of the Company or any of their respective associates
“Landlord”	Best Profit Limited, the landlord of the Premises
“Lease”	the leasing of the Premises by the Tenant under the terms set out in the Lease Agreement
“Lease Agreement”	the Lease Agreement entered into between the Tenant and the Landlord dated 20 June 2019 in relation to the leasing of the Premises

“Placing”	the placing of 64,000,000 new shares of the Company pursuant to the placing agreement dated 15 May 2019
“PRC”	the People’s Republic of China
“Premises”	Shops Nos. G19, G20 and G21 on the ground floor of the Olympian City 3, 1 Hoi Wang Road South West Kowloon
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenant”	Modern Shanghai (YOHO Midtown) Restaurant Limited, a company incorporated in Hong Kong with limited liability, is a 60%-owned subsidiary of the Company
“%”	per cent

By Order of the Board
1957 & Co. (Hospitality) Limited
Kwok Chi Po
Executive Director

Hong Kong, 20 June 2019

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

This announcement, for which the Directors 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 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.

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