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

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION  
AND  
(2) CONTINUING CONNECTED TRANSACTION  
IN RELATION TO  
RENEWAL OF LEASE AND LICENCE AGREEMENTS  
FOR TWO RESTAURANTS IN LEE GARDEN ONE  
AND REVISION OF ANNUAL CAPS**

**RENEWAL OF LEASE AND LICENCE AGREEMENTS**

On 25 May 2022, the New Lease and Licence Agreements in respect of the renewal of the lease agreement and licence agreement for the Location in Lee Garden One had been signed by the Tenant for an additional term of one year until 31 May 2023. Gonpachi Restaurant and An Nam Restaurant are currently operating at the Location. The New Lease and Licence Agreements are still subject to the execution by the Landlord.

**IMPLICATIONS UNDER THE GEM LISTING RULES**

Pursuant to HKFRS 16, as a result of the renewal of the lease agreement and licence agreement in relation to the Location, the Group shall recognise an additional asset representing its right to use the Location in the amount of approximately HK\$10.6 million calculated with reference to the present value of aggregated lease payments (except for turnover rent) plus initial direct costs with the lease as discounted using a discount rate which is equivalent to the Group's incremental borrowing rate during the entire term of the New Lease and Licence Agreements. As such, the Transaction is regarded as an acquisition of asset by the Group for the purpose of the GEM Listing Rules.

As the applicable percentage ratio (as defined in the GEM Listing Rules) in respect of the transaction contemplated under the New Lease and Licence Agreements based on the value of the right-of-use asset recognised by the Group pursuant to HKFRS 16 exceeds 5% but less than 25%, the Transaction constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is accordingly subject to the reporting and announcement requirements but exempt from shareholders' approval requirement. As the Group has entered into two joint venture agreements with, among others, two indirectly wholly-owned subsidiaries of Hysan in respect of the formation of two joint venture companies to open and operate two restaurants offering Japanese and Shanghaiese cuisine in Lee Garden Two, Causeway Bay and the two joint venture companies have been incorporated and are subsidiaries of the Company, 29% of each joint venture companies are owned by Hysan (through its relevant indirectly wholly-owned subsidiary), the Hysan Group (including the landlord and licensor under the New Lease and Licence Agreements and the Existing Connected Leases and Licence Agreements) is a connected person of the Company at the subsidiary level. Accordingly, the transaction contemplated under the New Lease and Licence Agreements based on the value of the right-of-use asset recognised by the Group pursuant to HKFRS 16 also constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules. Given the Board has approved the Transaction and the independent non-executive Directors have confirmed that the terms of the Transaction are fair and reasonable and in the normal commercial terms or better and in the interests of the Company and its shareholders as a whole, the Transaction is exempted from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 20.99 of the GEM Listing Rules. Particulars of the Transaction will also be included in the annual report of the Company for the year ending 31 December 2022.

In addition, according to Rule 20.52 of the GEM Listing Rules, the payment of turnover rent and other charges to the Landlord under the New Lease and Licence Agreements constitutes a continuing connected transaction. Given the original annual caps for the year ending 31 December 2022 only catered for transactions contemplated under the Existing Connected Leases and Licence Agreements, the annual caps for the year ending 31 December 2022 will have to be revised and an annual cap for the year ending 31 December 2023 will be set accordingly.

References are made to the announcements published by the Company on 16 August 2019 and on 21 August 2019 as well as the disclosures in the annual report of the Company for the year ended 31 December 2019.

## **RENEWAL OF LEASE AND LICENCE AGREEMENTS**

On 25 May 2022, the New Lease and Licence Agreements in respect of the renewal of the lease agreement and licence agreement for the Location in Lee Garden One had been signed by the Tenant for an additional term of one year until 31 May 2023. Gonpachi Restaurant and An Nam Restaurant are currently operating at the Location. The New Lease and Licence Agreements are still subject to the execution by the Landlord.

The principal terms of the New Lease and Licence Agreements are set out below:

### **The New Lease and Licence Agreements**

#### **Parties:**

Tenant/Licensee:	1957 & Co. (Management) Limited, an indirectly wholly-owned subsidiary of the Company
Landlord/Licensor:	Perfect Win Properties Limited, an indirectly wholly-owned subsidiary of Hysan
Location:	<i>in respect of the lease agreement:</i>  4/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong  <i>in respect of the licence agreement:</i>  certain area on 4/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong
Term of lease/licence:	1 year commencing from 1 June 2022 to 31 May 2023 (both days inclusive)
Monthly rent/licence fee and other charges (exclusive of rates and other outgoings)	<i>in respect of the lease agreement:</i>  — a fixed basic rent  — turnover rent of a fixed percentage of monthly gross sales exceeding basic rent set out above (the monthly turnover rent for the term of lease shall be the amount by which 12% of the monthly income derived by the Tenant from the Tenant's business at or from the Location exceeds the monthly basic rent.)  — fixed operating charges and promotional levy (other charges include extra operating charges of air-conditioning and/or chilled water as requested beyond the standard provision.)  <i>in respect of the licence agreement:</i>  — a fixed license fee inclusive of operating charges and promotional levy

## **Basis for Determination of the Rentals and Other Information**

The terms of the New Lease and Licence Agreements (including the rental) were determined after arm's length negotiations between the Landlord and the Tenant, with reference to the prevailing market rentals for properties of similar type, age and location. The basic rent portion is in principle the same as the latest payment level. The aggregate value of consideration payable by the Tenant under the New Lease and Licence Agreements is approximately HK\$15.9 million (including the rental deposit of HK\$5.2 million), which is expected to be financed by the internal resources of the Group.

## **The Right-of-use Asset**

Pursuant to HKFRS 16, as a result of the renewal of the lease agreement and licence agreement in relation to the Location, the Group shall recognise an additional asset representing its right to use the Location. As such, the Transaction will be regarded as an acquisition of asset by the Group for the purpose of the GEM Listing Rules. Based on preliminary estimation of the Company with reference to the fair rent letter issued by Cushman & Wakefield Limited, the value of the right-of-use asset to be recognised by the Company under the Transaction shall amount to approximately HK\$10.6 million, which is the present value of aggregated lease payments (except for turnover rent), plus initial direct costs with the lease in accordance with HKFRS 16. Discount rate of approximately 2.7% per annum, which is equivalent to the Company's incremental borrowing rate during the entire term of the New Lease and Licence Agreements, is applied to compute the present value of aggregate lease payments under the Transaction.

## EXISTING ANNUAL CAPS, HISTORICAL FIGURES AND THE ANNUAL CAPS FOR 2023

As disclosed in the Company's previous announcements dated on 16 August 2019 and on 21 August 2019 and the annual report of the Company for the year ended 31 December 2019, the existing annual caps for the maximum aggregate rental amount payable under the Existing Connected Leases and Licence Agreements for the years ending 31 December 2022 (inclusive of rent/licence fee, promotional levy and operating charges but exclusive of rates and other outgoings) are as follows:

	For the year ended/ending 31 December			
	2019	2020	2021	2022
	HK\$	HK\$	HK\$	HK\$
	million	million	million	million
<b>Rent, licence fees and other charges</b>				
The New Lease and Licence Agreements (i.e. the Gonpachi and An Nam (Lee Garden) Lease)	0.3	0.6	0.6	0.3
The Ta-ke Lease	7.8	7.9	8.2	8.2
The 10-Shanghai Lease	<u>6.9</u>	<u>7.0</u>	<u>7.3</u>	<u>7.3</u>
<b>Total</b>	<u>15.0</u>	<u>15.5</u>	<u>16.1</u>	<u>15.8</u>
Historical amounts paid by the Group	<u>12.9</u>	<u>12.1</u>	<u>15.2</u>	<u>5.0 (Note)</u>

*Note:* This represented the actual amount incurred up to the date of this announcement.

## REVISED ANNUAL CAPS

As the original annual caps cover the expected continuing connected transaction for Gonpachi Restaurant and An Nam Restaurant up to 31 May 2022, as a result of the extension and the renewal of the lease agreement and license agreement for the Location, the annual caps for transactions for the year ending 31 December 2022 will be revised and an annual cap for the year ending 31 December 2023 will be set accordingly.

Taking into account the terms of and based on the New Lease and Licence Agreements and the Existing Connected Leases and Licence Agreements, the historical revenue derived from Gonpachi Restaurant and An Nam Restaurant and the terms of other Existing Connected Leases and Licence Agreements, the Company estimates that the revised annual caps for the year ending 31 December 2022 and 2023 (inclusive of rent/licence fee, promotional levy, operating charges and estimated turnover rent but exclusive of rates and other outgoings) and are as follows:

	<b>For the year ending</b>	
	<b>31 December</b>	
	<b>2022</b>	<b>2023</b>
	<i>HK\$</i>	<i>HK\$</i>
	<i>million</i>	<i>million</i>
<b>Rent, licence fees and other charges</b>		
The Gonpachi and An Nam (Lee Garden) Lease	0.5	0.5
The Ta-ke Lease ( <i>Note</i> )	8.2	n/a
The 10-Shanghai Lease ( <i>Note</i> )	7.3	n/a
<b>Total</b>	16.0	0.5

*Note:* The relevant lease will be expiring on 30 September 2022, the Company has an option to renew the lease for a further term of two years. The Company will comply with the relevant disclosure requirements under the GEM Listing Rules as and when appropriate.

### **Basis of the revised annual caps**

The revised annual caps have been estimated primarily based on the turnover rent and other charges payable by the Company under the New Lease and Licence Agreements. The amount of turnover rent was estimated with reference to the highest historical turnover payment incurred in 2021. The Directors consider that the revised annual caps have been reasonably determined pursuant to Rule 20.51(2) of the GEM Listing Rules.

### **REASONS FOR AND BENEFITS OF THE NEW LEASE AND LICENCE AGREEMENTS**

The Group's Gonpachi Restaurant and An Nam Restaurant have been operated at the Location since 2013. The Board believes that, taking into account the historical performance of the restaurants, the renewal of the lease agreement and license agreement for the Location will enable the Company to secure the Location for Gonpachi Restaurant and An Nam Restaurant. As the original annual caps cover the expected continuing connected transaction for Gonpachi Restaurant and An Nam Restaurant up to 31 May 2022, as a result of the extension and the renewal of the lease agreement and license agreement for the Location, the original annual caps which only catered for transactions contemplated under the Existing Connected Leases and Licence Agreements for the year ending 31 December 2022 will be revised and an annual cap for the year ending 31 December 2023 will be set accordingly.

The Directors (including the independent non-executive Directors), after taking into account the fair rent letter issued by Cushman & Wakefield Limited, consider that the Transaction is in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable, and in the interests of the Company and its shareholders as a whole, and that the revised annual caps are fair and reasonable and in the interests of the Company and its shareholders as a whole. None of the Directors have a material interest in the Transaction which required any of the Directors to abstain from voting on the resolutions in relation to the Transaction.

## **INFORMATION OF THE GROUP AND PERFECT WIN PROPERTIES LIMITED**

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.

Perfect Win Properties Limited, an indirectly wholly-owned subsidiary of Hysan, is principally engaged in property investment.

## **LISTING RULES IMPLICATIONS**

Pursuant to HKFRS 16, as a result of the renewal of the lease agreement and licence agreement in relation to the Location, the Group shall recognise an additional asset representing its right to use the Location in the amount of approximately HK\$10.6 million calculated with reference to the present value of aggregated lease payments (except for turnover rent) plus initial direct costs with the lease as discounted using a discount rate which is equivalent to the Group's incremental borrowing rate during the entire term of the New Lease and Licence Agreements. As such, the Transaction is regarded as an acquisition of asset by the Group for the purpose of the GEM Listing Rules.

As the applicable percentage ratio (as defined in the GEM Listing Rules) in respect of the transaction contemplated under the New Lease and Licence Agreements based on the value of the right-of-use asset recognised by the Group pursuant to HKFRS 16 exceeds 5% but less than 25%, the Transaction constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is accordingly subject to the reporting and announcement requirements but exempt from shareholders' approval requirement. As the Group has entered into two joint venture agreements with, among others, two indirectly wholly-owned subsidiaries of Hysan in respect of the formation of two joint venture companies to open and operate two restaurants offering Japanese and Shanghainese cuisine in Lee Garden Two, Causeway Bay and the two joint venture companies have been incorporated and are subsidiaries of the Company, 29% of each joint venture companies are owned by Hysan (through its relevant indirectly wholly-owned subsidiary), the Hysan Group (including the landlord and licensor under the New Lease and Licence Agreements and the Existing Connected Leases and Licence Agreements) is a connected person of the Company at the subsidiary level. Accordingly, the transaction contemplated under the New Lease and Licence Agreements based on the value of the right-of-use asset recognised by the Group pursuant to HKFRS 16 also constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules. Given the Board has approved the Transaction and the independent non-executive Directors have confirmed that the terms of the Transaction

are fair and reasonable and in the normal commercial terms or better and in the interests of the Company and its shareholders as a whole, the Transaction is exempted from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 20.99 of the GEM Listing Rules. Particulars of the Transaction will also be included in the annual report of the Company for the year ending 31 December 2022.

In addition, according to Rule 20.52 of the GEM Listing Rules, the payment of turnover rent and other charges to the Landlord under the New Lease and Licence Agreements constitutes a continuing connected transaction. Given the original annual caps for the year ending 31 December 2022 only catered for transactions contemplated under the Existing Connected Leases and Licence Agreements, the annual caps for the year ending 31 December 2022 will have to be revised and an annual cap for the year ending 31 December 2023 will be set accordingly.

References are made to the announcements published by the Company on 16 August 2019 and on 21 August 2019 as well as the disclosures in the annual report of the Company for the year ended 31 December 2019.

## **GENERAL**

Given the New Lease and Licence Agreements are still subject to the execution by the Landlord and there may be a time gap between the execution of New Lease and Licence Agreements and the receipt of executed New Lease and Licence Agreements by the Group, the Company will keep the market updated on the matter and publish an announcement regarding the New Lease and Licence Agreements as and when appropriate.

## **DEFINITIONS**

Unless the context otherwise requires, terms used in this announcement shall have the following meanings:

“10-Shanghai Lease”	the lease and one licence agreement with Hysan Group for restaurant operations, details of which are set out in the Prospectus under “Connected Leases and Licence Agreements with Hysan Group”
“associate(s)”	has the meaning ascribed to it under 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



“Existing Connected Leases and Licence Agreements”	three leases and one licence agreement with Hysan Group in respect of the lease or licence of certain properties or area from Hysan Group to the Group for restaurant operations, details of which are set out in the Prospectus under “Connected Leases and Licence Agreements with Hysan Group”
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hysan”	Hysan Development Company Limited, a company incorporated in Hong Kong on 20 October 1970 and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00014), is a joint venture partner of the Company and connected person at the subsidiary level
“Hysan Group”	Hysan and its subsidiaries from time to time, each of which is a connected person of the Company at the subsidiary level
“Landlord”	Perfect Win Properties Limited, an indirectly wholly-owned subsidiary of Hysan
“Location”	in respect of the lease agreement: 4/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong; in respect of the licence agreement: certain area on 4/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong
“New Lease and Licence Agreements”	the lease agreement and licence agreement signed by the Tenant on 25 May 2022 in relation to the leasing and licencing of the Location
“Prospectus”	the prospectus of the Company dated 23 November 2017
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Ta-ke Lease”	the lease and one licence agreement with Hysan Group for restaurant operations, details of which are set out in the Prospectus under “Connected Leases and Licence Agreements with Hysan Group”
“Tenant”	1957 & Co. (Management) Limited, an indirectly wholly-owned subsidiary of the Company
“Transaction”	the leasing and licencing of the Location by the Tenant under the terms set out in the New Lease and Licence Agreements
“%”	per cent

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

Hong Kong, 25 May 2022

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

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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.*

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