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1957 & Co. (Hospitality) Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8495)

**POSSIBLE DISCLOSEABLE TRANSACTION
IN RELATION TO
RENEWAL OF TENANCY FOR AN EXISTING
THAI CUISINE RESTAURANT IN ELEMENTS**

**RENEWAL OF TENANCY AGREEMENT FOR AN EXISTING THAI CUISINE
RESTAURANT IN ELEMENTS**

On 18 August 2022, the Tenancy Agreement in respect of the renewal of the Tenancy of the Premises in ELEMENTS was signed by a wholly-owned subsidiary of the Company, and pursuant to which, the term of the Tenancy will be renewed for two years from 1 September 2022 to 31 August 2024. We are currently operating our restaurant under the Mango Tree brand at the Premises.

The Tenancy Agreement is still subject to the execution by the Landlord.

Pursuant to HKFRS 16, following the execution of the Tenancy Agreement by both the Landlord and the Tenant, the Group shall recognise an additional asset representing its right to use the Premises in the amount of approximately HK\$14.3 million, which is calculated with reference to the present value of aggregated lease payments plus initial direct costs and estimated reinstatement cost with the Tenancy as discounted using a discount rate which is equivalent to the Company's incremental borrowing rate during the entire term of the Tenancy. As such, the Tenancy contemplated under the Tenancy Agreement will be regarded as an acquisition of asset by the Group for the purpose of the GEM Listing Rules.

IMPLICATIONS UNDER THE GEM LISTING RULES

As disclosed in the announcement of the Company dated 8 July 2022, a wholly-owned subsidiary of the Company signed a tenancy agreement to lease certain premises in The Wai of Sha Tin from the Landlord. As at the date of this announcement, the Group has not received the fully executed tenancy agreement in respect of the The Wai Lease. As the landlord for the The Wai Lease and the Tenancy are the same, the two transactions are aggregated and treated as if they were one transaction. As one or more applicable percentage ratios (as defined in the GEM Listing Rules) based on the value of the right-of-use asset recognised by the Group pursuant to HKFRS 16 in respect of (i) the Tenancy; and (ii) the Tenancy in aggregation with the The Wai Lease exceeds 5% but all such applicable percentage ratios are less than 25%, the Tenancy (itself and in aggregation with the The Wai Lease) constitute discloseable transactions of the Company under Chapter 19 of the GEM Listing Rules and are accordingly subject to the reporting and announcement requirements but exempt from shareholders' approval requirement.

RENEWAL OF TENANCY FOR AN EXISTING THAI CUISINE RESTAURANT IN ELEMENTS

The Board is pleased to announce that on 18 August 2022, after negotiation and discussion among the Group and the Landlord, the Tenancy Agreement in respect of the renewal of the Tenancy of the Premises in ELEMENTS was signed by a wholly-owned subsidiary of the Company.

The Tenancy Agreement is still subject to the execution by the Landlord.

THE TENANCY AGREEMENT

The principal terms of the Tenancy Agreement are set out below:

Tenant:	1957 & Co. (Management) Limited, an indirectly wholly owned subsidiary of the Company
Landlord:	MTR Corporation Limited
Date of signing by the Tenant:	18 August 2022
Premises:	Shop 2032–33, Second level at Elements, 1 Austin Road West, Kowloon, Hong Kong
Total gross floor area:	5,677 sq. ft.
Term of the tenancy:	Two (2) years commencing from 1 September 2022 to 31 August 2024 (both days inclusive)

The aggregate value of consideration payable: The aggregate value of consideration payable by the Tenant under the Tenancy Agreement including base rent, management fee and air-conditioning charge and promotion fee is approximately HK\$14.7 million, which will be satisfied by internal resources of the Group. 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 of 12.5% during term of the Tenancy which, if there is any, shall be paid in arrears on the fifteenth day of each calendar month.

The rent under the Tenancy 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\$2.0 million (representing three months of the average monthly basic rent, management fee and air-conditioning charge and promotion fee), which has been paid by the Tenant to the Landlord upon signing of the Tenancy Agreement.

Bank guarantee in lieu of surety deed: Approximately HK\$2.0 million (representing three months of the average monthly basic rent and three months management fee and air-conditioning charge), which has been paid by the Tenant to Landlord in the form of a bank guarantee or additional cash deposit.

Specific user and business name: Mango Tree Hong Kong

Use: Restaurant operation in Thai cuisine

Basis for Determination of the Rent and Other Information

The terms of the Tenancy Agreement (including the rent and fees payable thereunder) were determined after arm's length negotiations between the Landlord and the Tenant, with reference to the prevailing market terms for properties of similar type, age and location.

The rent and other amounts payable by the Tenant under the Tenancy Agreement are expected to be financed by the internal resources of the Group.

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 Tenancy Agreement shall amount to approximately HK\$14.3 million, which is the present value of aggregated lease payments, plus initial direct costs and estimated reinstatement cost with the Tenancy in accordance with HKFRS 16. Discount rate of approximately 3.8% per annum is applied to compute the present value of aggregate lease payments under the Tenancy Agreement.

INFORMATION OF THE TENANT

The Company is an investment holding company and its subsidiaries are principally engaged in operation of restaurants and catering management and consultancy services. The Tenant is a wholly-owned subsidiary of the Company and is principally engaged in provision of management services to all restaurants of the Group.

INFORMATION OF MTR CORPORATION LIMITED

MTR Corporation Limited and its subsidiaries are principally engaged in the following core businesses: railway design, construction, operation, maintenance and investment in Hong Kong, Macau, Mainland China and a number of overseas cities; project management in relation to railway and property development businesses in Hong Kong and Mainland China; station commercial business including leasing of station retail space, leasing of advertising space inside trains and stations, and enabling of telecommunication services on the railway system in Hong Kong; property business including property development and investment, management and leasing management of investment properties (including shopping malls and offices) in Hong Kong and Mainland China; investment in Octopus Holdings Limited; provision of railway management, engineering and technology training; and investment in relevant new technologies (a company whose shares are listed on the Stock Exchange with stock code: 66).

The Landlord is not a Shareholder. The Landlord and its ultimate beneficial owners are the Independent Third Parties.

REASONS FOR AND BENEFITS OF THE RENEWAL OF THE TENANCY 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.

One of our currently operating restaurants, Mango Tree, is situated at the Premises. The existing tenancy agreement of the Premises is going to expire on 31 August 2022. The Board believes that, taking into account of the historical performance of such restaurant, the renewal of Tenancy will have a positive impact on the future development of the Company. Having taken into account the above reasons and benefits, the Board is of the view that the terms of the Tenancy Agreement are fair and reasonable and the transaction contemplated thereunder is in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

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As the landlord for the The Wai Lease and the Tenancy are the same, the two transactions are aggregated and treated as if they were one transaction. As one or more applicable percentage ratios (as defined in the GEM Listing Rules) based on the value of the right-of-use asset recognised by the Group pursuant to HKFRS 16 in respect of (i) the Tenancy; and (ii) the Tenancy in aggregation with the The Wai Lease exceeds 5% but all such applicable percentage ratios are less than 25%, the Tenancy (itself and in aggregation with the The Wai Lease) constitute discloseable transactions of the Company under Chapter 19 of the GEM Listing Rules and are subject to the reporting and announcement requirements but exempt from shareholders' approval requirement.

GENERAL

Given that the Tenancy Agreement is still subject to execution by the Landlord, there may be a time gap between the execution of the Tenancy Agreement by the Tenant and the receipt of fully executed Tenancy Agreement by the Group. The Company will keep the market updated on this matter and publish an announcement regarding the Tenancy Agreement if and when the fully executed Tenancy Agreement is received by the Group.

DEFINITIONS

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, and 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 or any of their respective associates
“Landlord”	MTR Corporation Limited, the landlord of the Premises
“PRC”	the People’s Republic of China
“Premises”	Shop 2032–33, Second level at Elements, 1 Austin Road West, Kowloon, Hong Kong
“Share(s)”	ordinary shares of HK\$0.0001 each in issue of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“sq. ft.”	square feet
”Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy”	the leasing of the Premises by the Tenant under the terms set out in the Tenancy Agreement
“Tenancy Agreement”	the Tenancy Agreement signed by the Tenant on 18 August 2022 in relation to the leasing of the Premises
“Tenant”	1957 & Co. (Management) Limited, a company incorporated in Hong Kong with limited liability, and a wholly-owned subsidiary of the Company
“The Wai Lease”	the leasing of certain premises in The Wai by a wholly-owned subsidiary of the Company (as tenant) from the Landlord for operating a new restaurant serving Huaiyang/ Shanghainese cuisine, details of which were set out in the announcement of the Company dated 8 July 2022
“%”	per cent

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

Hong Kong, 18 August 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 the Stock Exchange for a minimum period of 7 days from the date of publication and on the website of the Company at www.1957.com.hk.