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1957 & Co. (Hospitality) Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8495)

DISCLOSEABLE TRANSACTION IN RELATION TO RENEWAL OF TENANCY FOR AN EXISTING RESTAURANT IN ELEMENTS

THE TENANCY AGREEMENT FOR AN EXISTING RESTAURANT IN ELEMENTS

On 22 July 2019, the duly executed Tenancy Agreement (which has been dated as of 3 July 2019) in respect of the renewal of the tenancy of the Premises in Elements was received by the Board. One of our restaurants under Mango Tree brand is currently operating at the Premises.

Pursuant to HKFRS 16, following the conclusion of the Tenancy Agreement as tenant, the Group shall recognize an asset representing its right to use the Premises in the amount of approximately HK\$22.3 million calculated with reference to the present value of aggregated lease payments plus initial direct costs and estimate reinstatement cost with the Lease as discounted using a discount rate which is equivalent to the Company's incremental borrowing rate during the entire term of the Tenancy Agreement. As such, the transaction 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 the applicable percentage ratio (as defined in the GEM Listing Rules) in respect of the transaction contemplated under the Tenancy Agreement based on the value of the right-of-use asset recognized by the Group pursuant to HKFRS 16 exceeds 5% but less than 25%, the Lease 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.

THE RENEWAL OF TENANCY FOR A RESTAURANT IN ELEMENTS

The Board is pleased to announce that on 22 July 2019, the duly executed Tenancy Agreement (which has been dated as of 3 July 2019) entered into between the Tenant and the Landlord in respect of the renewal of the tenancy of the Premises in Elements was received by the Board.

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

The Tenancy Agreement

Date: 3 July 2019

Parties:

Tenant: 1957 & Co. (Management) Limited, an indirectly wholly-owned subsidiary of the Company

Landlord: MTR Corporation Limited

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

Relevant 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: 3 years commencing from 1 September 2019 to 31 August 2022 (both days inclusive)

The aggregate value of consideration payable: The aggregate value of consideration payable under the Tenancy Agreement including base rent, rent and rate, management fee and promotional levy by the Tenant is approximately HK\$23.9 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 ranging from 12% to 12.5% 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 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, air-conditioning charges and promotion fee), which has been paid by the Tenant to the Landlord upon signing of the Tenancy Agreement

Specific user and business name: Mango Tree Hong Kong

Use: Restaurant operation in Thailand cuisine

Basis for Determination of the Rentals and Other Information

The terms of the Tenancy Agreement (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 rental 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\$22.3 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 4.5% per annum is applied to compute the present value of aggregate lease payments under the Tenancy Agreement.

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 current operating restaurants, Mango Tree, is situated at the Premises. The existing tenancy agreement of the Premises is going to expire on 31 August 2019. 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.

GENERAL

As the applicable percentage ratio in respect of the transaction contemplated under the Tenancy Agreement 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 Lease constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the 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”	MTR Corporation Limited, the landlord of the Premises
“Lease”	the leasing of the Premises by the Tenant under the terms set out in the Tenancy Agreement
“PRC”	the People’s Republic of China

“Premises”	Shop 2032–33, Second level at Elements, 1 Austin Road West, Kowloon, Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the Tenancy Agreement entered into between the Tenant and the Landlord dated 3 July 2019 in relation to the leasing of the Premises
“Tenant”	1957 & Co. (Management) Limited, a company incorporated in Hong Kong with limited liability, is a wholly-owned subsidiary of the Company
“%”	per cent

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

Hong Kong, 25 July 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.