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

**(1) POSSIBLE DISCLOSEABLE AND CONNECTED TRANSACTION  
AND  
(2) CONTINUING CONNECTED TRANSACTION  
IN RELATION TO  
RENEWAL OF THE LEASE  
FOR 10 SHANGHAI RESTAURANT IN LEE GARDEN TWO  
AND REVISION OF ANNUAL CAPS**

**RENEWAL OF LEASE FOR 10 SHANGHAI RESTAURANT IN LEE GARDEN TWO**

On 30 August 2022, 1957 and Partners Limited (a subsidiary owned as to 51% by the Company), as tenant, signed the Lease Agreement in respect of the renewal of the 10-Shanghai Lease of the Premises in Lee Garden Two, and pursuant to which, the term of the 10-Shanghai Lease will be renewed for two years from 1 October 2022 to 30 September 2024. We are currently operating our restaurant under the 10 Shanghai brand at the Premises and the term of the Expiring 10-Shanghai Lease will expire on 30 September 2022.

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

Pursuant to HKFRS 16, following the execution of the Lease 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\$15.2 million, which is calculated with reference to the present value of aggregated lease payments plus initial direct costs and estimated reinstatement cost with the 10-Shanghai Lease as discounted using a discount rate which is equivalent to the Company's incremental borrowing rate during the entire term of the 10-Shanghai Lease. As such, the 10-Shanghai Lease contemplated under the Lease 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**

### **Discloseable Transaction**

As disclosed in the announcement of the Company dated 25 May 2022, a wholly-owned subsidiary of the Company signed a lease and licence agreement with a group company of Hysan Group to renew the lease of certain premises in Lee Garden One to operate our restaurants under Gonpachi and An Nam brands. For details, please refer to the announcement of the Company dated 25 May 2022. As at the date of this announcement, the Group has not received the fully executed lease and licence agreement in respect of the Lee Garden Leases. As the landlord and licensor for the Lee Garden Leases and the Landlord are both group companies of Hysan Group, 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 10-Shanghai Lease and (ii) the 10-Shanghai Lease in aggregation with the Lee Garden Leases exceeds 5% but all such applicable percentage ratios are less than 25%, the 10-Shanghai Lease (itself and in aggregation with the Lee Garden Leases) 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 circular and shareholders' approval requirement.

### **Connected Transaction**

The Group operates two restaurants offering Japanese and Shanghainese cuisine in Lee Garden Two in joint venture with Hysan Group. The two joint venture companies that operate the two restaurants are subsidiaries of the Company and each of them is owned as to 29% by Hysan Group. Accordingly, Hysan Group (including the Landlord under the 10-Shanghai Lease) is a connected person of the Company at the subsidiary level and the acquisition of right-of-use asset by the Group pursuant to HKFRS 16 under the 10-Shanghai Lease also constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules. Given that the Board has approved the 10-Shanghai Lease and the independent non-executive Directors have confirmed that the terms of the 10-Shanghai Lease are (i) fair and reasonable, (ii) on normal commercial terms or better and in the ordinary and usual course of business of the Group, and (iii) in the interests of the Company and its shareholders as a whole, the 10-Shanghai Lease 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 10-Shanghai Lease will also be included in the annual report of the Company for the year ending 31 December 2022.

### **Continuing Connected Transaction**

In addition, the payment of turnover rent and other charges to the Landlord under the 10-Shanghai Lease constitutes a continuing connected transaction of the Company under Chapter 20 of the GEM Listing Rules. Given the original annual caps set for the Expiring 10-Shanghai Lease for the year ending 31 December 2022 did not cater for the renewed term under 10-Shanghai Lease from 1 October 2022 to 31 December 2022, the annual cap for the lease of the Premises under the 10-Shanghai Lease for the year ending 31 December 2022 have been revised pursuant to Rule 20.52 of the GEM Listing Rules and annual caps for the 10-Shanghai Lease for the years ending 31 December 2023 and 2024 have been set according to Rule 20.51 of the GEM Listing Rules.

## **RENEWAL OF LEASE FOR 10 SHANGHAI RESTAURANT IN LEE GARDEN TWO**

The Board is pleased to announce that after trading hours on 30 August 2022, after negotiation and discussion among the Group and the Landlord, 1957 and Partners Limited (a subsidiary owned as to 51% by the Company), as tenant, signed the Lease Agreement in respect of the renewal of the 10-Shanghai Lease of the Premises in Lee Garden Two.

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

### **THE LEASE AGREEMENT**

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

Tenant: 1957 and Partners Limited, a subsidiary indirectly owned as to 51% by of the Company

Landlord: Barrowgate Limited, a wholly-owned subsidiary of Hysan

Date of signing by the Tenant: 30 August 2022

Premises: Shop No. 101 on the First Floor of Lee Garden Two, 28 Yun Ping Road, Causeway Bay, Hong Kong

Total gross floor area: 6,913 sq. ft.

Term of the tenancy: Two (2) years commencing from 1 October 2022 to 30 September 2024 (both days inclusive)

The aggregate value of consideration payable: The aggregate value of consideration payable by the Tenant under the Lease Agreement including basic rent, operating charges, promotion levy and rates is approximately HK\$15.8 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 11.0% during term of the 10-Shanghai Lease which, if there is any, shall be paid in arrears by the twenty-first day of the following 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\$2.0 million (representing three months of rent, operating charges, promotion levy and rates), which has been paid by the Tenant to the Landlord upon signing of the Lease Agreement.

Specific user and business name: 10 Shanghai

Use: Restaurant operation in Shanghainese cuisine

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

The terms of the Lease 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 Lease 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 10-Shanghai Lease shall amount to approximately HK\$15.2 million, which is the present value of aggregated lease payments, plus initial direct costs and estimated reinstatement cost with the 10-Shanghai Lease 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 10-Shanghai Lease.

### **IMPLICATIONS UNDER THE GEM LISTING RULES**

#### **Discloseable Transaction**

As disclosed in the announcement of the Company dated 25 May 2022, a wholly-owned subsidiary of the Company signed a lease and licence agreement with a group company of Hysan Group to renew the lease of certain premises in Lee Garden One to operate our restaurants under Gonpachi and An Nam brands. For details, please refer to the announcement of the Company dated 25 May 2022. As at the date of this announcement, the Group has not received the fully executed lease and licence agreement in respect of the Lee Garden Leases.

As the landlord and licensor for the Lee Garden Leases and the Landlord are both group companies of Hysan Group, 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 10-Shanghai Lease and (ii) the 10-Shanghai Lease in aggregation with the Lee Garden Leases exceeds 5% but all such applicable percentage ratios are less than 25%, the 10-Shanghai Lease (itself and in aggregation with the Lee Garden Leases) 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 circular and shareholders' approval requirement.

## Connected Transaction

The Group operates two restaurants offering Japanese and Shanghainese cuisine in Lee Garden Two in joint venture with Hysan Group. The two joint venture companies that operate the two restaurants are subsidiaries of the Company and each of them is owned as to 29% by Hysan Group. Accordingly, Hysan Group (including the landlord under the 10-Shanghai Lease) is a connected person of the Company at the subsidiary level and the acquisition of right-of-use assets by the Group pursuant to HKFRS 16 under the 10-Shanghai Lease also constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules. None of the Directors have a material interest in the 10-Shanghai Lease or is required to abstain from voting on the resolution of the Board approving the 10-Shanghai Lease. Given that the Board has approved the 10-Shanghai Lease and the independent non-executive Directors have confirmed that the terms of the 10-Shanghai Lease are (i) fair and reasonable, (ii) on normal commercial terms or better and in the ordinary and usual course of business of the Group, and (iii) in the interests of the Company and its shareholders as a whole, the 10-Shanghai Lease 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 10-Shanghai Lease will also be included in the annual report of the Company for the year ending 31 December 2022.

## Continuing Connected Transaction

In addition, the payment of turnover rent and other charges include extra operating charges of air-conditioning and/or chilled water as request beyond the standard to the Landlord under the 10-Shanghai Lease constitutes a continuing connected transaction of the Company under Chapter 20 of the Listing Rules.

## EXISTING ANNUAL CAPS, HISTORICAL FIGURES AND THE ANNUAL CAPS FOR 2019 TO 2023

The existing annual caps for the maximum amount payable under various leases and licence agreements with Hysan Group for the years ended/ending 31 December 2019, 2020, 2021, 2022 and 2023 (inclusive of rent/licence fee, operating charges and promotion levy but exclusive of rates and other outgoings) are as follows:

	For the year ended/ending 31 December				
	2019	2020	2021	2022	2023
	HK\$	HK\$	HK\$	HK\$	HK\$
	million	million	million	million	million
<b>Existing annual caps for rent, licence fees and other charges</b>					
Lee Garden Leases	0.3	0.6	0.6	0.5	0.5
Lease for premises for operation of Ta Ke restaurant	7.8	7.9	8.2	8.2	n/a
Expiring 10-Shanghai Lease	6.9	7.0	7.3	7.3	n/a
<b>Total</b>	<u>15.0</u>	<u>15.5</u>	<u>16.1</u>	<u>16.0</u>	<u>0.5</u>
<b>Historical amounts paid by the Group<sup>(1)</sup></b>	<u>12.9</u>	<u>12.1</u>	<u>15.2</u>	<u>8.5</u>	<u>—</u>

Notes:

- (1) These amounts represented the actual amounts incurred for each year up to the date of this announcement.

## ANNUAL CAPS FOR 10-SHANGHAI LEASE

The payment of turnover rent and other charges to the Landlord under the 10-Shanghai Lease constitutes a continuing connected transaction of the Company under Chapter 20 of the Listing Rules. Given the original annual caps set for the Expiring 10-Shanghai Lease for the year ending 31 December 2022 did not cater for the renewed term under the 10-Shanghai Lease from 1 October 2022 to 31 December 2022, the annual cap for the lease of the Premises under the 10-Shanghai Lease for the year ending 31 December 2022 have been revised pursuant to Rule 20.52 of the GEM Listing Rules and annual caps for the 10-Shanghai Lease for the years ending 31 December 2023 and 2024 have been set according to Rule 20.21 of the GEM Listing Rules.

Taking into account the terms of and based on the 10-Shanghai Lease and the historical revenue derived from 10 Shanghai restaurant, the Company estimates that the revised annual caps for the Expiring 10-Shanghai Lease and the 10-Shanghai Lease for the year ending 31 December 2022, 2023 and 2024 (inclusive of rent, promotional levy, operating charges and estimated turnover rent and other charges but exclusive of rates and other outgoings) and are as follows:

	For the year ending 31 December		
	2022	2023	2024
	HK\$ million	HK\$ million	HK\$ million
<b>Annual caps for rent, turnover rent and other charges</b>			
The 10-Shanghai Lease <sup>(Note)</sup>	<u>8.0</u>	<u>2.9</u>	<u>2.2</u>
<b>Total</b>	<u><u>8.0</u></u>	<u><u>2.9</u></u>	<u><u>2.2</u></u>

Note:

The annual cap for the 10-Shanghai Lease include the amounts paid and payable under the Expiring 10-Shanghai Lease and the 10-Shanghai lease for the year ending 31 December 2022.

## Basis of the annual caps

The annual caps have been estimated primarily based on the turnover rent and other charges paid by the Group under the Expiring 10-Shanghai Lease and that payable by the Group under the 10-Shanghai Lease. The amount of turnover rent was estimated with reference to the highest historical turnover payment incurred under the Expiring 10-Shanghai Lease in 2021. The Directors consider that the annual caps have been reasonably determined pursuant to Rule 20.51(2) of the GEM Listing Rules.

## **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 subsidiary indirectly owned as to 51% by the Company and is principally engaged in the operation of full-service restaurant. The Tenant is owned as to 29% by a wholly-owned subsidiary of Hysan and 20% by Chairman Food & Beverage Management Limited (a joint venture partner of the Group).

## **INFORMATION OF THE LANDLORD**

The Landlord is an indirectly wholly-owned subsidiary of Hysan, and is principally engaged in property investment. Hysan Group is principally engaged in property investment, management and development, and its turnover and results are principally derived from investment properties located in Hong Kong.

The Landlord and Hysan are not Shareholders. The Landlord and its ultimate beneficial owners are the Independent Third Parties.

## **REASONS FOR AND BENEFITS OF THE RENEWAL OF THE LEASE**

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, 10 Shanghai, is situated at the Premises. The Expiring 10-Shanghai Lease is going to expire on 30 September 2022. The Board believes that, taking into account of the historical performance of the 10 Shanghai restaurant, the renewal of 10-Shanghai Lease 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 Lease Agreement are fair and reasonable and the transaction contemplated thereunder is in the interests of the Company and its shareholders as a whole.

## **GENERAL**

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

## DEFINITIONS

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

“10-Shanghai Lease”	the leasing of the Premises by the Tenant under the terms set out in the Lease Agreement
“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
“Expiring 10-Shanghai Lease”	the lease agreement with the Landlord in respect of the lease of the Premises for restaurant operations, details of which are set out in the paragraphs headed “Non-fully Exempt Continuing Connected Transactions — Leases and licence of premises from substantial shareholder of our subsidiaries — Connected Leases and Licence Agreements with Hysan Group” in the prospectus of the Company dated 23 November 2017
“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
“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). Its wholly-owned subsidiaries, namely Jarrett Investments Limited and Batovian Investments Limited are joint venture partners of the Company and accordingly, Hysan is a connected person of the Company 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
“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”	Barrowgate Limited, a wholly-owned subsidiary of Hysan
“Lease Agreement”	the Lease Agreement signed by the Tenant on 30 August 2022 in relation to the leasing of the Premises
“Lee Garden Leases”	the leasing and licensing of certain premises in Lee Garden One by a wholly-owned subsidiary of the Company (as tenant) for operating two restaurants namely Gonpachi and An Nam serving Japanese and Vietnamese cuisine respectively, details of which were set out in the announcement of the Company dated 25 May 2022
“PRC”	People’s Republic of China
“Premises”	Shop No. 101 on the First Floor of Lee Garden Two, 28 Yun Ping Road, Causeway Bay, 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
“Tenant”	1957 and Partners Limited, a company incorporated in Hong Kong with limited liability, is a 51% owned subsidiary of the Company
“%”	per cent

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

Hong Kong, 30 August 2022

*As of the date of this announcement, the executive Directors are Mr. Cai Weike, Mr. Kwok Chi Po, Mr. Wong Chi Wing Kinson and Mr. Lau Ming Fai; 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, 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](http://www.1957.com.hk).*