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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 AGREEMENT  
FOR AN EXISTING SHANGHAI CUISINE RESTAURANT  
IN YOHO MALL**

**RENEWAL OF TENANCY AGREEMENT FOR AN EXISTING SHANGHAI CUISINE RESTAURANT IN YOHO MALL**

On 30 May 2023, the New Tenancy Agreement in respect of the renewal of the Tenancy of the Premises in YOHO MALL was signed by an indirectly wholly-owned subsidiary of the Company, and pursuant to which, the term of the Tenancy will be renewed for three years from 1 June 2023 to 31 May 2026. We are currently operating our restaurant under the Modern Shanghai brand at the Premises.

The New Tenancy Agreement is still subject to the execution by SHK Agency.

**IMPLICATIONS UNDER THE GEM LISTING RULES**

Pursuant to HKFRS 16, as a result of the renewal of the Tenancy, the Group shall recognise an additional asset representing its right to use the Premises in the amount of approximately HK\$17.2 million, which is calculated with reference to the present value of the aggregated lease payments (except for the turnover rent) 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 New Tenancy Agreement. As such, the Tenancy 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 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 Tenancy 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.

## **RENEWAL OF TENANCY AGREEMENT FOR AN EXISTING SHANGHAINESE CUISINE RESTAURANT IN YOHO MALL**

The Board is pleased to announce that on 30 May 2023, after negotiation and discussion among the Group and SHK Agency, the New Tenancy Agreement in respect of the renewal of the Tenancy of the Premises was signed by an indirectly wholly-owned subsidiary of the Company.

The New Tenancy Agreement is still subject to the execution by SHK Agency.

### **THE NEW TENANCY AGREEMENT**

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

Tenant:	1957 HK
Landlord:	CSL
Authorised agent of the landlord:	SHK Agency
Date of signing by the Company:	30 May 2023
Premises for the Tenancy:	Shop No. 1058, Level 1, YOHO MALL, 9 Yuen Lung Street, Yuen Long, New Territories, Hong Kong
Term of the Tenancy:	Three (3) years commencing from 1 June 2023 to 31 May 2026 (both days inclusive)

The aggregate value of consideration payable: The aggregate value of consideration payable under the New Tenancy Agreement including base rent, air-conditioning and management charges, and promotion levy by 1957 HK is approximately HK\$17.6 million, which will be satisfied by internal resources of the Group. All base rent and other charges shall be paid monthly in advance on the first day of each calendar month.

1957 HK is also subject to a turnover rent of 12.5% during the term of the Tenancy which, if there is any, shall be paid in arrears but no later than the 14th day of the following month.

The rent under the New Tenancy Agreement is determined after arm's length negotiations between SHK Agency and 1957 HK, after taking into consideration the prevailing market price for comparable premises in the vicinity of the Modern Shanghai Premises.

Base rent:	Period	Monthly basic rent
	From 1 June 2023 to 31 May 2024	Approximately HK\$370,000
	From 1 June 2024 to 31 May 2025	Approximately HK\$380,000
	From 1 June 2025 to 31 May 2026	Approximately HK\$390,000
Air-conditioning and management charges:	Approximately HK\$92,000 per month, which may be varied by CSL or the property manager of the Premises at its sole discretion from time to time.	
Promotion levy:	Approximately HK\$14,000 per month, which may be varied by CSL and/or the property manager of the Premises at its or their sole discretion from time to time.	
Deposit:	Approximately HK\$1.5 million, of which (1) approximately HK\$1.3 million currently held by SHK Agency as security deposit under the Existing Tenancy Agreement would be transferred and applied towards payment of the deposit payable by 1957 HK under the New Tenancy Agreement upon commencement of the term, and (2) approximately HK\$0.2 million has been paid by 1957 HK to SHK Agency by cash upon signing of the New Tenancy Agreement.	
Permitted use:	Operation of a Shanghai cuisine restaurant under the trade name and style of “Modern Shanghai (家上海)”	

## **BASIS FOR DETERMINATION OF THE RENTALS AND OTHER INFORMATION**

The terms of the New Tenancy Agreement was determined after arm’s length negotiations between SHK Agency and 1957 HK, with reference to the prevailing market rentals for properties of similar type, age and location. The rental and other amounts payable by 1957 HK under the New Tenancy Agreement are 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 Tenancy, the Group shall recognise an additional asset representing its right to use the Premises. As such, the Tenancy will be regarded as an acquisition of asset by the Group for the purpose of the GEM Listing Rules. Based on the preliminary estimation of the Company, the value of the right-of-use asset to be recognised by the Company under the transaction shall amount to approximately HK\$17.2 million, which is the present value of the aggregated lease payments (except for the turnover rent), plus initial direct costs and estimated reinstatement cost with the Tenancy in accordance with HKFRS 16. Discount rate of approximately 5.28% per annum, which is equivalent to the Company’s incremental borrowing rate during the entire term of the New Tenancy Agreement, is applied to compute the present value of the aggregate lease payments under the Tenancy.

## **INFORMATION OF THE GROUP**

The Company is an investment holding company and its subsidiaries are principally engaged in operation of restaurants and catering management and consultancy services. 1957 HK is an indirectly wholly-owned subsidiary of the Company and is principally engaged in the investment of full-service restaurant.

## **INFORMATION OF CSL AND SHK AGENCY**

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, CSL and SHK Agency are principally engaged in property leasing, and CSL, SHK Agency and their respective ultimate beneficial owners are 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 current operating restaurants, Modern Shanghai, is situated at the Premises. The Existing Tenancy Agreement of the Premises is going to expire on 31 May 2023. The Board believes that, taking into account of the historical performance of such restaurant, the renewal of the 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 New 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**

Pursuant to HKFRS 16, as a result of the renewal of the Tenancy, the Group shall recognise an additional asset representing its right to use the Premises in the amount of approximately HK\$17.2 million calculated with reference to the present value of the aggregated lease payments (except for the turnover rent) plus initial direct costs and estimate 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 New Tenancy Agreement. As such, the Tenancy 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 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 Tenancy 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.

## 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, the shares of which are listed on GEM (stock code: 8495)
“connected persons”	has the meaning ascribed to it under the GEM Listing Rules
“CSL”	City Success Limited, a company incorporated in Hong Kong with limited liability, and the landlord of the Premises
“Director(s)”	the director(s) of the Company
“Existing Tenancy Agreement”	the lease agreement entered into between 1957 HK and SHK Agency on 21 April 2021 in relation to the leasing of the Premises
“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
“New Tenancy Agreement”	the tenancy agreement signed by 1957 HK on 30 May 2023 in relation to the leasing of the Premises
“PRC”	the People’s Republic of China
“Premises”	Shop No. 1058, Level 1, YOHO MALL, 9 Yuen Lung Street, Yuen Long, New Territories, Hong Kong

“SHK Agency”	Sun Hung Kai Real Estate (Sales and Leasing) Agency Limited, a company incorporated in Hong Kong with limited liability, and the duly authorised agent of CSL
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy “	the leasing of the Premises by 1957 HK under the terms set out in the New Tenancy Agreement
“1957 HK”	1957 & Co. (Hospitality) HK Limited, a company incorporated in Hong Kong with limited liability, and an indirectly wholly-owned subsidiary of the Company
“%”	per cent

By order of the Board  
**1957 & Co. (Hospitality) Limited**  
**Kwok Chi Po**  
*Chief Executive Officer and Executive Director*

Hong Kong, 30 May 2023

*As of the date of this announcement, the executive directors are Mr. Wong Chi Wing Kinson, Mr. Kwok Chi Po, Mr. Lau Ming Fai, Ms. Tsui Ngan Fun and Ms. Lin Huiqin; 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 at [www.hkexnews.hk](http://www.hkexnews.hk) for at least 7 days from the date of publication and on the website of the Company at [www.1957.com.hk](http://www.1957.com.hk).*