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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 AND LICENCE AGREEMENT
FOR AN EXISTING SHANGHAINESE CUISINE RESTAURANT
IN OLYMPIAN CITY**

**RENEWAL OF TENANCY AGREEMENT AND LICENCE AGREEMENT FOR AN
EXISTING SHANGHAINESE CUISINE RESTAURANT IN OLYMPIAN CITY**

On 23 July 2024, the New Tenancy Agreement and the New Licence Agreement in respect of the renewal of the Lease and the Licence of the Locations in Olympian City were signed by an indirectly wholly-owned subsidiary of the Company, and pursuant to which, the term of the Lease and the Licence will be renewed for three (3) years from 16 July 2024 to 15 July 2027. We are currently operating our restaurant under the Modern Shanghai brand at the Locations.

IMPLICATIONS UNDER THE GEM LISTING RULES

Pursuant to HKFRS 16, as a result of the renewal of the Lease and the Licence, the Group shall recognise an additional asset representing its right to use the Locations in the amount of approximately HK\$12.9 million, which is calculated with reference to the present value of the aggregated base rent payable plus initial direct costs and estimated reinstatement cost with the Lease and the Licence 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 and the New Licence Agreement. As such, the Transaction is regarded as an acquisition of asset by the Group for the purpose of the GEM Listing Rules.

As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Transaction 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 for the Company under Chapter 19 of the GEM Listing Rules and is subject to reporting and announcement requirements but exempt from shareholders' approval requirement.

RENEWAL OF TENANCY AGREEMENT AND LICENCE AGREEMENT FOR AN EXISTING SHANGHAINESE CUISINE RESTAURANT IN OLYMPIAN CITY

The Board is pleased to announce that on 23 July 2024, after negotiation and discussion among the Group and the Agent, the New Tenancy Agreement and the New Licence Agreement in respect of the renewal of the Lease and the Licence of the Locations were signed by an indirectly wholly-owned subsidiary of the Company.

THE NEW TENANCY AGREEMENT

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

Tenant:	Modern Shanghai (YOHO Midtown) Restaurant Limited	
Landlord:	Best Profit Limited	
Agent of the Landlord:	Sino Real Estate Agency Limited	
Date of signing by the Tenant:	23 July 2024	
Premises for the Lease:	Shop Nos. G19-G21, Ground Floor, Olympian City 3, 1 Hoi Wang Road South West Kowloon, Kowloon	
Term of the Lease:	Three (3) years commencing from 16 July 2024 to 15 July 2027 (both days inclusive)	
Base rent:	Period	Monthly basic rent
	From 16 July 2024 to 15 July 2025	Approximately HK\$360,000
	From 16 July 2025 to 15 July 2026	Approximately HK\$380,000
	From 16 July 2026 to 15 July 2027	HK\$400,000

Management fee and air-conditioning charge:	Approximately HK\$100,000 per month, which may be varied by the Landlord at its sole discretion from time to time.
Promotion levy:	Approximately HK\$7,000 per month, which may be varied by the Landlord at its sole discretion from time to time.
The aggregate value of consideration payable:	<p>The aggregate value of consideration payable under the New Tenancy Agreement including the base rent, the management fee and air-conditioning charge, and the promotion levy by the Tenant is approximately HK\$17.4 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.</p> <p>The Tenant is also subject to a turnover rent of 13% during the term of the Lease which, if there is any, shall be paid in arrears on the fifteenth day of each calendar month.</p> <p>The terms under the New Tenancy Agreement is determined after arm's length negotiations between the Group and the Agent, after taking into consideration the prevailing market price for comparable premises in the vicinity of the Premises for the Lease.</p>
Deposit:	Approximately HK\$1.6 million, of which (1) approximately HK\$1.4 million currently held by the Landlord or the Agent as security deposit under the Existing Tenancy Agreement would be transferred by the Landlord towards part payment of the deposit under the New Tenancy Agreement at the expiration of the term of the Existing Tenancy Agreement on 15 July 2024, and (2) approximately HK\$0.2 million has been paid by the Tenant to the Agent by cheque upon signing of the New Tenancy Agreement.
Permitted use:	Operation of an authentic Shanghai and Huaiyang cuisine restaurant under the trade name “Modern Shanghai 家•上海” only.

THE NEW LICENCE AGREEMENT

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

Licensee:	Modern Shanghai (YOHO Midtown) Restaurant
Licensor:	Best Profit Limited
Agent of the Licensor:	Sino Real Estate Agency Limited
Date of signing by the Licensee:	23 July 2024
Premises for the Licence:	Outdoor Seating Area in front of Shop Nos. G19-G21, Ground Floor, Olympian City 3, 1 Hoi Wang Road South West Kowloon, Kowloon
Term of the Licence:	Three (3) years commencing from 16 July 2024 to 15 July 2027 (both days inclusive)
Licence fee:	HK\$100 per month
Monthly administration fee	Approximately HK\$6,000 per month, which may be varied by the Licensor at its sole discretion from time to time.
The aggregate value of consideration payable:	<p>The aggregate value of consideration payable under the New Licence Agreement including the licence fee and the administration fee by the Licensee is approximately HK\$0.2 million, which will be satisfied by internal resources of the Group. All licence fee and other charges shall be paid monthly in advance on the first day of each calendar month.</p> <p>The terms under the New Licence Agreement is determined after arm's length negotiations between the Group and the Agent, after taking into consideration the prevailing market price for comparable premises in the vicinity of the Premises for the Licence.</p>
Deposit:	Approximately HK\$18,000, of which the same amount currently held by the Licensor or the Agent as security deposit under the Existing Licence Agreement would be transferred to become deposit payable under the New Licence Agreement at the expiration of the term of the Existing Licence Agreement on 15 July 2024.
Permitted use:	Operation of an authentic Shanghai and Huaiyang cuisine restaurant under the trade name “Modern Shanghai 家•上海” only.

BASIS FOR DETERMINATION OF THE RENT AND OTHER INFORMATION

The terms of the New Tenancy Agreement and the New Licence Agreement were determined after arm's length negotiations between the Group and the Agent, with reference to the prevailing market terms for properties of similar type, age and location. The rental and other amounts payable by the Tenant under the New Tenancy Agreement and by the Licensee under the New Licence 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 Lease and the Licence, the Group shall recognise an additional asset representing its right to use the Locations. 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 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\$12.9 million, which is the present value of the aggregate base rent payable, plus initial direct costs and estimated reinstatement cost with the Lease and the Licence in accordance with HKFRS 16. Discount rate of approximately 5.6% per annum, which is equivalent to the Company's incremental borrowing rate during the entire term of the New Tenancy Agreement and the New Licence Agreement, is applied to compute the present value of the aggregated base rent payable under the Transaction.

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. The Tenant is an indirectly wholly-owned subsidiary of the Company and is principally engaged in the operation of restaurant.

INFORMATION OF THE LANDLORD

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Landlord is principally engaged in the business of property investment whereas the Agent is principally engaged in the business of real estate agency. The Landlord, the Agent and their respective ultimate beneficial owners are Independent Third Parties.

REASONS FOR AND BENEFITS OF ENTERING INTO 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 Locations. The Existing Tenancy and Licence Agreements are going to be expired on 15 July 2024. The Board believes that, taking into account of the historical performance of such restaurant, the

renewal of the Lease and the Licence 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 and the New Licence 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 Lease and the Licence, the Group shall recognise an additional asset representing its right to use the Locations in the amount of approximately HK\$12.9 million calculated with reference to the present value of the aggregated base rent payable plus initial direct costs and estimate reinstatement cost with the Lease and the Licence 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 and the New Licence Agreement. As such, the Transaction is regarded as an acquisition of asset by the Group for the purpose of the GEM Listing Rules.

As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Transaction 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 for the Company under Chapter 19 of the GEM Listing Rules and is subject to 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:

“Agent”	Sino Real Estate Agency Limited, a company incorporated in Hong Kong with limited liability, the duly authorised agent of the Landlord, and a direct associate of Sino Land Company Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 83)
“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
“Existing Licence Agreement”	the licence agreement entered into between the Agent and the Licensee on 20 June 2019 in relation to the licensing of the Premises for the Licence

“Existing Tenancy Agreement”	the lease agreement entered into between the Landlord and the Tenant on 20 June 2019 in relation to the leasing of the Premises for the Lease
“Existing Tenancy and Licence Agreements”	the Existing Tenancy Agreement and the Existing Licence Agreement in relation to the leasing and licencing of the Locations
“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” or “Licensor”	Best Profit Limited, a company incorporated in Hong Kong with limited liability, the landlord and the licensor of the Locations, and an indirect associate of Sino Land Company Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 83)
“Lease”	the leasing of the Premises for the Lease by the Tenant under the terms set out in the New Tenancy Agreement
“Licence”	the licensing of the Premises for the Licence by the Licensee under the terms set out in the New Licence Agreement
“Locations”	in respect of the New Tenancy Agreement: Premises for the Lease in respect of the New Licence Agreement: Premises for the Licence
“New Licence Agreement”	the licence agreement entered into between the Agent and the Licensee on 23 July 2024 in relation to the Premises for the Licence

“New Tenancy Agreement”	the tenancy agreement entered into between the Agent and the Tenant on 23 July 2024 in relation to the Premises for the Lease
“PRC”	the People’s Republic of China
“Premises for the Lease”	Shop Nos. G19-G21, Ground Floor, Olympian City 3, 1 Hoi Wang Road South West Kowloon, Kowloon
“Premises for the Licence”	Outdoor Seating Area in front of Shop Nos. G19-G21, Ground Floor, Olympian City 3, 1 Hoi Wang Road South West Kowloon, Kowloon
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenant” or “Licensee”	Modern Shanghai (YOHO Midtown) Restaurant Limited, a company incorporated in Hong Kong with limited liability, and an indirectly wholly-owned subsidiary of the Company
“Transaction”	the leasing of the Premises for the Lease by the Tenant under the terms set out in the New Tenancy Agreement and the licensing of the Premises for the Licence by the Licensee under the terms set out in the New Licence Agreement
“%”	per cent

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

Hong Kong, 23 July 2024

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 for at least 7 days from the date of publication and on the website of the Company at www.1957.com.hk.