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1957 & Co. (Hospitality) Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8495)

VOLUNTARY ANNOUNCEMENT BUSINESS UPDATE IN RELATION TO THE SURRENDER AGREEMENT FOR THE LEASE OF PETIT AN NAM RESTAURANT IN YOHO MALL

INTRODUCTION

This announcement is made by 1957 & Co. (Hospitality) Limited (the “**Company**”, together with its subsidiaries, the “**Group**” or “**We**”) on a voluntary basis. The purpose of this announcement is to keep the shareholders of the Company (the “**Shareholders**”) and potential investors informed of the latest development of the Group.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the Shareholders and potential investors that after taking into account, among other things, the operational and financial performance of Petit An Nam Restaurant (“**Petit An Nam**”) in Yoho Mall and after negotiations and discussions with Sun Hung Kai Real Estate (Sales and Leasing) Agency Limited (the “**Landlord**”), the Group has entered into a surrender agreement (the “**Surrender Agreement**”) with the Landlord on 20 November 2020 for the purpose of relinquishing the Group’s right to occupy Shop 1073, Level 1, Yoho Mall 1 (the “**Premises**”) from the Surrender Date (as defined below) and releasing the Landlord from all its obligations under the lease, as a result of which Petit An Nam will be closed down before expiry of its lease in May 2021.

THE SURRENDER AGREEMENT

Pursuant to the Surrender Agreement:

- (1) the Group undertakes to vacate and surrender the Premises to the Landlord on a vacant basis in an “as is” condition as stipulated in the Surrender Agreement on 30 November 2020 (the “**Surrender Date**”);
- (2) the Group shall pay rent, service charge, air-conditioning charge, promotional charge, rates and other charges incurred in respect of the Premises up to and including the Surrender Date;

- (3) the Group will be refunded the existing security deposit in full in the sum of approximately HK\$650,000 held by the Landlord; and
- (4) the Group shall pay the Landlord the sum of approximately HK\$200,000 as the cost of reinstatement as if the lease is expiring in May 2021.

Save as disclosed above, the Directors confirm that the Surrender Agreement will not have material adverse impact on the Group's business. As such, the information disclosed in this announcement is made solely on the basis of an assessment by the Board with reference to the information currently available to the Company and such information has not been confirmed or audited by the Company's auditors and may be subject to adjustment after further internal review by the Board and/or review by the auditors of the Company.

FINANCIAL EFFECT OF THE SURRENDER AGREEMENT

It is estimated that the Group might record a marginal net gain from the surrender of lease and the Landlord will also refund the rental deposit of approximately HK\$650,000 to the Group.

We will try our best to reallocate the staff of Petit An Nam to our other restaurants within the Group. Shareholders should note that the actual amount of the gain or loss on the disposal to be recognised in the consolidated financial statements of the Company depends on the value of the assets as at the date of closing of restaurant operation and therefore may be different from the amount as mentioned above.

REASON FOR THE SURRENDER AGREEMENT

As at the date of this announcement, we have a total of thirteen restaurants under five self-owned brands in Hong Kong, namely, Ta-ke, An Nam (including its junior brand, Petit An Nam), Modern Shanghai, 10 Shanghai and Hokkaido and three franchised or sub-licensed brands, namely, Mango Tree (including its junior brand, Mango Tree Café), Gonpachi and Paper Moon in Hong Kong. We currently operate three restaurants under the brand An Nam (or its junior brand, Petit An Nam), one in Lee Garden, one in Festival Walk and one in Yoho Mall. Petit An Nam is a full service restaurant with a Vietnamese-based concept which was opened in March 2015 and is located in the Yoho Mall.

Petit An Nam had been recording operating losses for the nine months ended 30 September 2020. In the course of our negotiation for the possible renewal of tenancy with the Landlord before the expiry of the relevant lease of Petit An Nam, we are being informed that the monthly rental and related costs will be increased.

Petit An-Nam's financial performance has long been below the Group's expectation due to insufficiency of customers flow in Yoho Mall especially during the weekdays while there are too many restaurants operating in Yoho Mall which constitute a severe competition among the various operators. We considered that it may not be in the best interests of the Group and the Shareholders as a whole to accept the terms in the renewal of the tenancy after taking into account the above factors, the uncertainties regarding the prospect of this restaurant and the likelihood of possible turnaround of its result in view of the social-distancing measures which are currently in effect. In addition, we have been recording

operating losses over the recent financial periods and the effect of early termination of the lease (after taking into account the terms under the Surrender Agreement) may reduce our further losses and for the benefit of Shareholders.

Given the unsatisfactory financial performance of Petit An Nam, the Directors consider that it is in the best interest of the Company and the Shareholders as a whole to close down Petit An Nam (the “**Proposed Closure**”) before the expiry of lease in May 2021 through entering into of the Surrender Agreement given the remaining rental costs are waived and no additional reinstatement costs will be incurred under the Surrender Agreement which also enables the Group to reallocate/devote more resources to the remaining restaurants under the current market situation. It is currently expected that the Proposed Closure will take place by the end of November 2020.

Looking ahead, the Group will endeavour to strengthen the development of its existing businesses and to provide steady return as well as growth prospects for the Shareholders.

IMPLICATIONS OF THE GEM LISTING RULES

As none of the applicable percentage ratios for the transaction contemplated under the Surrender Agreement is 5% or more, the transaction contemplated under the Surrender Agreement does not constitute a notifiable transaction under Chapter 19 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”).

Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

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

Hong Kong, 20 November 2020

As at 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 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.

The announcement will remain on the “Latest Listed Company Information” 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.