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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 THE OFFER LETTER OF  
A NEW RESTAURANT IN EAST POINT CITY**

**THE OFFER LETTER**

The Board announces that on 23 March 2022, Modern Shanghai (YOHO Midtown) Restaurant Limited, a 60% owned subsidiary of the Company (as the tenant), entered into the Offer Letter with the SHK Agency in relation to the leasing of the Premises for a term of four years commencing from 19 April 2022 to 18 April 2026 (with the tenant's option to renew for a further term of two years to 18 April 2028) for the opening of a new restaurant serving Huaiyang/Shanghainese cuisine under the trade name of "Modern Shanghai" in East Point City of Tseung Kwan O.

**IMPLICATIONS UNDER THE GEM LISTING RULES**

As the applicable percentage ratios in respect of the Lease are greater than 5% but less than 25%, the Lease 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.

**INTRODUCTION**

The Board announces that on 23 March 2022, Modern Shanghai (YOHO Midtown) Restaurant Limited, a 60% owned subsidiary of the Company (as the tenant), entered into the Offer Letter with SHK Agency to lease the Premises for a term of four years commencing from 19 April 2022 to 18 April 2026 (with the tenant's option to renew for a further term of two years to 18 April 2028) for the opening of a new restaurant serving Huaiyang/Shanghainese cuisine under the trade name of "Modern Shanghai" in East Point City of Tseung Kwan O.

## THE OFFER LETTER

Details of the principal terms of the Offer Letter are set out below:

Date:	23 March 2022
The Landlord:	Chun Wing Investment Company, Limited Donora Company Limited Grumete Company Limited Rainforce Limited Kam Hoi Development Company Limited Zindemar Investments Corp.
The Landlord's Agent:	Sun Hung Kai Real Estate (Sales and Leasing) Agency Limited
The Tenant:	Modern Shanghai (YOHO Midtown) Restaurant Limited
The Premises:	Shop No. 108 on Level 1 of East Point City, 8 Chung Wa Road, Tseung Kwan O Town Lot No.17
Term:	Four (4) years commencing from 19 April 2022 to 18 April 2026 (both days inclusive) (with the tenant's option to renew for a further term of two (2) years from 19 April 2026 to 18 April 2028) (both days inclusive) and a rent free period of three (3) months from 19 April 2022 to 18 July 2022 (both days inclusive)
The aggregate value of consideration payable:	The aggregate value of consideration payable under the Offer Letter including base rent, services and management charges and promotional levy by the Tenant is approximately HK\$18.2 million, which will be satisfied by internal resources of the Group or the bank borrowings (if available). 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 11.0% to 11.5% during the first four (4) years term of the Lease and at 12% during the two (2) years option term. The terms under the Offer Letter is determined after arm's length negotiations between the Landlord's Agent and the Tenant, after taking into consideration the prevailing market price for comparable premises in the vicinity of the Premises.
Deposit:	Approximately HK\$1.2 million (representing three months of Year 4 (i.e. the highest monthly base rent) and three months services and management charges), which has been paid by the Tenant to SHK Agency upon signing of the Offer Letter
User:	Huaiyang/Shanghainese cuisine under the trade name of "Modern Shanghai"

Based on information provided by the Landlord, the lettable area of the Premises is approximately 4,800 square feet.

### **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 Lease shall amount to approximately HK\$17.6 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 2.65% per annum is applied to compute the present value of aggregate lease payments under the terms of the Offer Letter.

### **INFORMATION OF THE TENANT**

The Tenant is a 60% owned subsidiary of the Company and is principally engaged in the operating of restaurants under the brand “Modern Shanghai”.

### **INFORMATION OF SHK AGENCY**

To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, the SHK Agency is principally engaged in real estate and general agencies and is wholly-owned by Sun Hung Kai Properties Limited (a company whose shares are listed on the Stock Exchange with stock code: 16), and each of SHK Agency and the Landlord and their respective ultimate beneficial owners are the Independent Third Parties.

### **REASONS FOR AND BENEFITS OF ENTERING INTO OF THE OFFER LETTER**

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.

As stated in the preliminary annual results announcement of the Company for the year ended 31 December 2021 published on 17 March 2022, the management of the Company has taking into account of the latest economic development, change in consumer spending pattern, increase in vacancy rate of shopping centres and the latest available resources of the Group, the Group may consider opening new restaurants with concepts with proven track records, lower capital expenditures and/or more favourable rental package. The Group is in the advanced stage of discussions with a few landlords regarding the leasing of certain units in shopping malls for restaurant operation.

Meanwhile, the Group is experienced in operating restaurants serving Huaiyang/Shanghai cuisine in Hong Kong, and currently operating three restaurants offering Huaiyang/Shanghai cuisine in Causeway Bay, Yuen Long and Olympian City. Taking into account of, among other things, the existing restaurants around the Premises, the performance of the existing restaurants of the Group (in particular the restaurants offering Huaiyang/Shanghai cuisine), the customers' feedbacks and demands on the existing restaurants of the Group, the location of the Premises and the prevailing market price for comparable premises in the vicinity of the Premises, the Board considers that the terms of the Offer Letter are fair and reasonable, and the entering into of the Offer Letter for the opening of a new restaurant serving Huaiyang/Shanghai cuisine at the Premises is in the interests of the Company and its shareholders as a whole.

## **GENERAL**

As the applicable percentage ratios in respect of the Lease are greater than 5% but less than 25%, the Lease 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.

A formal lease agreement containing the terms as stipulated under the Offer Letter will be further entered into by the relevant parties. The Company will publish further announcement in relation to such lease agreement as and when appropriate.

## **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”	Chun Wing Investment Company, Limited Donora Company Limited Grumete Company Limited Rainforce Limited Kam Hoi Development Company Limited Zindemar Investments Corp.  collectively, being the landlord of the Premises
“Lease”	the leasing of the Premises by the Tenant under the terms set out in the Offer Letter
“Offer Letter”	the offer letter dated 23 March 2022 entered into between SHK Agency and the Tenant in relation to the leasing of the Premises
“PRC”	the People’s Republic of China
“Premises”	Shop No. 108 on Level 1 of East Point City, 8 Chung Wa Road, Tseung Kwan O Town Lot No.17
“SHK Agency”	Sun Hung Kai Real Estate (Sales and Leasing) Agency Limited, the agent for Landlord
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenant”	Modern Shanghai (YOHO Midtown) Restaurant Limited, a company incorporated in Hong Kong with limited liability, is a 60%-owned subsidiary of the Company
“%”	per cent

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

Hong Kong, 23 March 2022

*As of the date of this announcement, the executive Directors are Mr. Kwok Chi Po, Mr. Kwan Wing Kuen Tino and Mr. Lau Ming Fai; the non-executive Directors are Mr. Leung Chi Tien Steve and Ms. Chan Siu Wan; 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.*

*This announcement will remain on the “Latest Listed Company Information” page of the website of GEM of the Stock Exchange at [www.hkgem.com](http://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](http://www.1957.com.hk).*