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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 TO LEASE OF
A NEW GONPACHI RESTAURANT IN ONE PEKING IN TSIMSHATSUI**

THE OFFER TO LEASE

The Board announces that on 11 October 2022, Gonpachi Restaurant Limited, a wholly-owned subsidiary of the Company (as the Tenant), signed the Offer to Lease in relation to the leasing of the Premises in One Peking in Tsimshatsui for a term of four years from 20 January 2023 to 19 January 2027 (with option for the Tenant to renew for a further term of two years to 19 January 2029). The Group plans to operate a new Gonpachi restaurant serving Japanese cuisine in the Premises.

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

Pursuant to HKFRS 16, following the execution of the Offer to Lease 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\$25.4 million which is calculated with reference to the present value of aggregated lease payments plus initial direct costs and estimated reinstatement cost with the Lease as discounted using a discount rate which is equivalent to the Company's incremental borrowing rate during the entire term of the Lease. As such, the Lease contemplated under the Offer to Lease 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

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 the Lease exceeds 5% but all applicable percentage ratios are less than 25%, the Lease 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.

INTRODUCTION

The Board announces that on 11 October 2022, Gonpachi Restaurant Limited, a wholly-owned subsidiary of the Company (as the Tenant), signed the Offer to Lease in relation to the leasing of the Premises for a term of four years from 20 January 2023 to 19 January 2027 (with option for Tenant to renew for a further term of two years to 19 January 2029). The Group plans to operate a new Gonpachi restaurant serving Japanese cuisine in the Premises.

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

THE OFFER TO LEASE

The principal terms of the Offer to Lease are set out below:

Tenant:	Gonpachi Restaurant Limited, an indirectly wholly owned subsidiary of the Company
Landlord:	Glory Star Investments Limited
Date of signing by the Tenant:	11 October 2022
Premises:	28th Floor, One Peking, No. 1 Peking Road, Tsimshatsui, Kowloon
Term of the Lease:	Four (4) years commencing from 20 January 2023 to 19 January 2027 (both days inclusive) (with option for Tenant to renew for a further term of two years to 19 January 2029)
Licence Period:	1 November 2022 to 19 January 2023, free of payment of any rent or licence fee, air-conditioning and management charges and government rates
The aggregate value of consideration payable:	<p>The aggregate value of consideration payable by the Tenant under the Offer to Lease including rent, air-conditioning and management charges and government rates is approximately HK\$25.4 million, which will be satisfied by internal resources of the Group. The base rent shall be paid monthly in advance of each calendar month.</p> <p>The rent under the Offer to Lease 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.</p>

- Deposit: Approximately HK\$1.7 million (representing three months of the base rent, air-conditioning and management charges and one quarter's government rates), which has been paid by the Tenant to the Landlord, approximately HK\$0.5 million upon signing the Offer to Lease and the balance of HK\$1.2 million upon signing of the execution of the tenancy agreement or the commencement date of the Licence Period, whichever is the earlier.
- Use: Restaurant operation under the trading name of “權八 Gonpachi” in Japanese cuisine

Basis for Determination of the Rent and Other Information

The terms of the Offer to Lease (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 Offer to Lease 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 Offer to Lease shall amount to approximately HK\$25.4 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 3.8% per annum is applied to compute the present value of aggregate lease payments under the Offer to Lease.

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 wholly-owned subsidiary of the Company and is principally engaged in investment holding.

INFORMATION OF THE LANDLORD

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, (1) the Landlord is a company incorporated in Hong Kong with limited liability and principally engaged in property investment; (2) the ultimate controlling beneficial owners of the Landlord are Yeung Chun Kam and Yeung Chun Fan; and (3) the Landlord and its ultimate beneficial owners are the Independent Third Parties and not shareholders of the Company.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE OFFER TO 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 the Group's currently operating Japanese cuisine restaurants, Gonpachi Restaurant, is situated Lee Garden One, Causeway Bay. The Board believes that, taking into account of the historical performance of Gonpachi Restaurant, opening a new Gonpachi Japanese Restaurant in Tsimshatsui district will have a positive impact on the future development of the Company and therefore decided to lease the Premises. Having taken into account the above reasons and benefits, the Board is of the view that the terms of the Offer to Lease are fair and reasonable and the Lease contemplated thereunder is in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

As one or more of the applicable percentage ratios in respect of the Lease is greater than 5% but all applicable percentage ratios are 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.

GENERAL

A formal lease agreement containing the terms as stipulated under the Offer to Lease 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.

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, 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
“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 or any of their respective associates
“Landlord”	Glory Star Investments Limited, for details, please see paragraphs headed “Information of the Landlord”
“Lease”	the leasing of the Premises by the Tenant under the terms set out in the Offer to Lease
“Offer to Lease”	the Offer to Lease signed by the Tenant on 11 October 2022 in relation to the leasing of the Premises
“PRC”	People’s Republic of China
“Premises”	28th Floor, One Peking, No. 1 Peking Road, Tsimshatsui, Kowloon
“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”	Gonpachi Restaurant Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“%”	per cent

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

Hong Kong, 11 October 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.