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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 VIETNAMESE CUISINE RESTAURANT
IN FESTIVAL WALK**

**RENEWAL OF TENANCY AGREEMENT FOR AN EXISTING VIETNAMESE
CUISINE RESTAURANT IN FESTIVAL WALK**

On 19 June 2023, the Letter of Extension in respect of the renewal of the Tenancy of the Premises in Festival Walk was signed by an indirectly wholly-owned subsidiary of the Company, and pursuant to which, the term of the Tenancy will be renewed for one year from 14 September 2023 to 13 September 2024. We are currently operating our restaurant under the An Nam brand at the Premises.

The Letter of Extension has been signed by the Landlord on 24 May 2023.

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\$9.1 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 Letter of Extension. 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 Letter of Extension 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 VIETNAMESE CUISINE RESTAURANT IN FESTIVAL WALK

The Board is pleased to announce that on 19 June 2023, after negotiation and discussion among the Group and the Landlord, the Letter of Extension in respect of the renewal of the Tenancy of the Premises was signed by an indirectly wholly-owned subsidiary of the Company.

The Letter of Extension has been signed by the Landlord on 24 May 2023.

THE LETTER OF EXTENSION

The principal terms of the Letter of Extension are set out below:

Tenant:	An Nam Restaurant Limited
Landlord:	Festival Walk (2011) Limited
Date of signing the Letter of Extension:	19 June 2023
Premises for the Tenancy:	Unit L1–20, Level 1, Festival Walk, 80 Tat Chee Avenue, Kowloon, Hong Kong
Term of the Tenancy:	One (1) year commencing from 14 September 2023 to 13 September 2024 (both days inclusive)
The aggregate value of consideration payable:	<p>The aggregate value of consideration payable under the Letter of Extension including the base rent, the chilled water charge, the service charge and the promotional levy by the Tenant is approximately HK\$8.5 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 15% during the term of the Tenancy which, if there is any, shall be paid in arrears by the 15th day of the immediately following month.</p> <p>The rent under the Letter of Extension 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>
Base rent:	Approximately HK\$550,000 per month

Chilled water charge:	Approximately HK\$95,000 per month, which may be varied by the Landlord at its sole discretion from time to time.
Service charge:	Approximately HK\$47,000 per month, which may be varied by the Landlord at its sole discretion from time to time.
Promotional levy:	Approximately HK\$17,000 per month, which may be varied by the Landlord at its sole discretion from time to time.
Deposit:	Approximately HK\$2.3 million, of which the same amount currently held by the Landlord as security deposit under the Existing Tenancy Agreement would be transferred and applied towards payment of the deposit payable by the Tenant under the Letter of Extension upon commencement of the term.
Permitted use:	Operation of a first class high quality fully licensed Vietnamese restaurant along with alcoholic and non-alcoholic beverages.

BASIS FOR DETERMINATION OF THE RENTALS AND OTHER INFORMATION

The terms of the Letter of Extension was determined after arm's length negotiations between the Landlord and the Tenant, with reference to the prevailing market rentals for properties of similar type, age and location. The rental and other amounts payable by the Tenant under the Letter of Extension 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\$9.1 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 6.57% per annum, which is equivalent to the Company's incremental borrowing rate during the entire term of the Letter of Extension, 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. 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, having made all reasonable enquires and based on the publicly available information, the Landlord is principally engaged in property leasing, and it is an indirectly wholly-owned subsidiary of Mapletree Pan Asia Commercial Trust (SGX Code: N2IU), the units of which are listed on the Singapore Exchange Securities Limited. The Landlord and its ultimate beneficial owner 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, An Nam, is situated at the Premises. The Existing Tenancy Agreement is going to be expired on 13 September 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 Letter of Extension 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\$9.1 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 Letter of Extension. 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 Letter of Extension 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
“Director(s)”	the director(s) of the Company
“Existing Tenancy Agreement”	the lease agreement entered into between the Landlord and the Tenant on 20 July 2020 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
“Landlord”	Festival Walk (2011) Limited, a company incorporated in Hong Kong with limited liability, and the landlord of the Premises
“Letter of Extension”	the letter of extension signed by the Tenant on 19 June 2023 in relation to the leasing of the Premises
“PRC”	the People’s Republic of China
“Premises”	Unit L1–20, Level 1, Festival Walk, 80 Tat Chee Avenue, Kowloon, Hong Kong

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy”	the leasing of the Premises by the Tenant under the terms set out in the Letter of Extension
“Tenant”	An Nam Restaurant 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, 19 June 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 for at least 7 days from the date of publication and on the website of the Company at www.1957.com.hk.