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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 TENANCY AGREEMENT OF
A NEW RESTAURANT IN THE LOHAS**

THE TENANCY AGREEMENT

The Board announces that on 11 March 2024, Mango Tree (HK) Limited (an indirectly wholly-owned subsidiary of the Company) as the Tenant entered into the Tenancy Agreement with the Landlord in relation to the leasing of the Premises in The LOHAS for a term of four (4) years commencing from 31 March 2024 to 30 March 2028 (with an option to renew for a further term of two (2) years to 30 March 2030). The Group plans to operate a new restaurant serving Shanghainese cuisine under the trade name of “Modern Shanghai Imperial” in the Premises.

IMPLICATIONS UNDER THE GEM LISTING RULES

Pursuant to HKFRS 16, following the execution of the Tenancy Agreement 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\$14.3 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 transaction contemplated under the Tenancy Agreement will be 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 contemplated under the Tenancy Agreement 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 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 11 March 2024, Mango Tree (HK) Limited (an indirectly wholly-owned subsidiary of the Company) as the Tenant entered into the Tenancy Agreement with the Landlord in relation to the leasing of the Premises for a term of four (4) years commencing from 31 March 2024 to 30 March 2028 (with an option to renew for a further term of two (2) years to 30 March 2030). The Group plans to operate a new restaurant serving Shanghainese cuisine under the trade name of “Modern Shanghai Imperial” in the Premises.

THE TENANCY AGREEMENT

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

Tenant:	Mango Tree (HK) Limited	
Landlord:	MTR Corporation Limited	
Date of signing by the Tenant:	11 March 2024	
Premises for the Tenancy:	Shop Unit 333, 3rd Floor, The LOHAS, 1 Lohas Park Road, Tseung Kwan O, New Territories, Hong Kong	
Term of the Tenancy:	Four (4) years commencing from 31 March 2024 to 30 March 2028 (both days inclusive) (with an option to renew for a further term of two (2) years to 30 March 2030)	
Base rent:	Period	Monthly basic rent
	From 31 March 2024 to 30 March 2026	Approximately HK\$200,000
	From 31 March 2026 to 30 March 2028	Approximately HK\$210,000
	From 31 March 2028 to 30 March 2030	Approximately HK\$240,000
Turnover rent:	Period	Turnover rent
	From 31 March 2024 to 30 March 2026	10%
	From 31 March 2026 to 30 March 2028	10.5%
	From 31 March 2028 to 30 March 2030	11%

Management expenses:	Approximately HK\$90,000 per month, which may be varied by the Landlord at its sole discretion from time to time.
Air-conditioning charges:	Approximately HK\$35,000 per month, which may be varied by the Landlord at its sole discretion from time to time.
Promotion fees:	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 Tenancy Agreement including the base rent, the management expenses, the air-conditioning charges, and the promotion fees by the Tenant is approximately HK\$15.0 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 terms under the Tenancy Agreement 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\$1.0 million (representing three (3) months' average basic rent, management expenses and air-conditioning charges), which has been paid by the Tenant to the Landlord upon signing of the Tenancy Agreement.
Bank guarantee in lieu of surety deed:	Approximately HK\$1.0 million (representing three months of the average basic rent, management expenses and air-conditioning charges), which will be paid by the Tenant to Landlord in the form of a bank guarantee within one (1) month upon signing of the Tenancy Agreement.
Rent free period:	A five (5) months' rent free period from 31 March 2024 to 30 August 2024 (both days inclusive).
Permitted use:	Operation of a Shanghainese cuisine restaurant under the English name "Modern Shanghai Imperial" and Chinese name "御•家上海" only.

BASIS FOR DETERMINATION OF THE RENT AND OTHER INFORMATION

The terms of the Tenancy Agreement 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 rental and other amounts payable by the Tenant under the Tenancy Agreement 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 Tenancy Agreement shall amount to approximately HK\$14.3 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 5.6% per annum is applied to compute the present value of aggregate lease payments under the Tenancy Agreement.

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 following core businesses: railway design, construction, operation, maintenance and investment in Hong Kong, Macau, Mainland China and a number of overseas cities; project management in relation to railway and property development businesses in Hong Kong and Mainland China; station commercial business including leasing of station retail space, leasing of advertising space inside trains and stations, and enabling of telecommunication services on the railway system in Hong Kong; property business including property development and investment, management and leasing management of investment properties (including shopping malls and offices) in Hong Kong and Mainland China; investment in Octopus Holdings Limited; provision of railway management, engineering and technology training; and investment in relevant new technologies (a company whose shares are listed on the Stock Exchange with stock code 66), and the Landlord and its ultimate beneficial owners are the 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. The Group is experienced in operating restaurants serving Shanghainese cuisine in Hong Kong, and currently operating four (4) restaurants offering Shanghainese cuisine in Yoho Mall, Olympian City, East Point City and The Wai. 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 Shanghainese 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 Tenancy Agreement are fair and reasonable, and entering into the Tenancy Agreement for the opening of a new restaurant serving Shanghainese cuisine at the Premises is in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

Pursuant to HKFRS 16, following the execution of the Tenancy Agreement 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\$14.3 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 transaction contemplated under the Tenancy Agreement will be 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 contemplated under the Tenancy Agreement 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 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.

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
“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”	MTR Corporation Limited, a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 66)
“Lease”	the leasing of the Premises by the Tenant under the terms set out in the Tenancy Agreement
“PRC”	the People’s Republic of China
“Premises”	Shop Unit 333, 3rd Floor, The LOHAS, 1 Lohas Park Road, Tseung Kwan O, New Territories, Hong Kong

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement entered into between the Landlord and the Tenant on 11 March 2024 in relation to the leasing of the Premises
“Tenant”	Mango Tree (HK) 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
Executive Director

Hong Kong, 11 March 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.