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**If you have sold or transferred** all your shares in 1957 & Co. (Hospitality) Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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**1957 & Co. (Hospitality) Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8495)**

**POSSIBLE MAJOR TRANSACTION  
IN RELATION TO THE LEE GARDEN TWO LEASE**

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All capitalised terms used in this circular have the meaning set out in the section headed “Definitions” of this circular. A letter from the Board is set out on pages 5 to 13 of this circular.

Pursuant to Rule 19.44 of the GEM Listing Rules, in lieu of a resolution to be passed at a general meeting of the Company, written Shareholder’s approval for the Lease and Licence Agreements had been obtained from Real Hero Ventures Limited, being a Controlling Shareholder holding 71.45% of the total number of the issued Shares as at the date of the Announcement and the Latest Practicable Date. No general meeting will be convened for approving the Lease and Licence Agreements and this circular is for information only.

29 September 2022

## **CHARACTERISTICS OF GEM**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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## DEFINITIONS

*In this circular, the following expressions have the meanings set out below unless the context requires otherwise:*

“10-Shanghai Lease”	the leasing of certain premises in Lee Garden Two by the Group from a group company of Hysan Group to operate our restaurant under the 10 Shanghai brand, details of which is set out in the announcement of the Company dated 30 August 2022
“An Nam Restaurant”	a restaurant under the An Nam brand that is currently located in Lee Garden One and operated by the Group, which serves Vietnamese cuisine
“Announcement”	the announcement of the Company dated 9 September 2022 in relation to the Lee Garden Two Lease
“associate”	has the meaning ascribed thereto 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
“Controlling Shareholder”	Real Hero Ventures Limited, a controlling Shareholder which is beneficially interested in 274,350,000 Shares, representing 71.45% of the total number of issued Shares as at the date of the Announcement and the Latest Practicable Date
“Director(s)”	the director(s) of the Company
“Fit Out Subsidy”	the fit out subsidy to be provided by the Landlord to the Tenant under the Lee Garden Two Lease subject to the Tenant’s compliance with the terms thereof. For details, please see the paragraphs headed “The Lease and Licence Agreements — Fit out subsidy” in the Letter from the Board in this circular
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Gonpachi Restaurant”	a restaurant under the Gonpachi brand that is currently located in Lee Garden One and operated by the Group, which serves Japanese cuisine

## DEFINITIONS

“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 People’s Republic of China
“Hysan”	Hysan Development Company Limited, a company incorporated in Hong Kong on 20 October 1970 and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00014), is a joint venture partner of the Company and connected person at the subsidiary level
“Hysan Group”	Hysan and its subsidiaries from time to time, each of which is a connected person of the Company at the subsidiary level
“Independent Financial Adviser”	the independent financial adviser appointed by the Company to opine on the term of the Lee Garden Two Lease exceeding three years, for details of the Independent Financial Adviser, please see the Announcement
“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” or “Licensor”	Barrowgate Limited, a wholly-owned subsidiary of Hysan
“Latest Practicable Date”	26 September 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Lease and Licence Agreements”	one lease agreement and two licence agreements signed by the Tenant on 9 September 2022 in relation to the leasing/licensing of the Premises
“Lee Garden One Lease”	the leasing and licensing of certain premises in Lee Garden One by a wholly-owned subsidiary of the Company (as tenant) for operating Gonpachi Restaurant and An Nam Restaurant, details of which were set out in the announcement of the Company dated 25 May 2022

## DEFINITIONS

“Lee Garden Two Lease”	the leasing and licensing of certain premises in Lee Garden Two by a wholly-owned subsidiary of the Company (as tenant) under the Lease and Licence Agreements for the Relocation
“Premises”	(1) Shop Nos. 301–306, 307–308 and 311, Third Floor, (2) Shop No. 310, Third Floor, and (3) Roof Garden No.1 of Lee Garden Two, 28 Yun Ping Road, Causeway Bay, Hong Kong
“Relocation”	the relocation of Gonpachi Restaurant and An Nam Restaurant from Lee Garden One to Lee Garden Two following early termination of the Lee Garden One Lease
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws in Hong Kong)
“Share(s)”	ordinary shares of HK\$0.0001 each in issue of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenant” or “Licensee”	Gonpachi Restaurant Limited, a company incorporated in Hong Kong with limited liability and an indirectly wholly owned subsidiary of the Company
“%”	per cent

## DEFINITIONS

All references in this circular to times and dates are references to Hong Kong times and dates, unless otherwise specified.

In this circular, unless the context otherwise requires or specifically states otherwise:

- (a) the singular includes the plural and vice versa;
- (b) one gender includes the other genders; and
- (c) references to individuals include companies and other corporations and vice versa.

**LETTER FROM THE BOARD**



**1957 & Co. (Hospitality) Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8495)**

*Executive Directors:*

Mr. Cai Weike (*Chairman*)  
Mr. Kwok Chi Po (*Chief Executive Officer*)  
Mr. Lau Ming Fai (*Chief Operating Officer*)  
Mr. Wong Chi Wing Kinson

*Registered Office in Cayman Islands:*

Cricket Square  
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P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Non-executive Director:*

Mr. Chan Wai Fung

*Principal place of business  
in Hong Kong:*

33/F Times Tower  
391–407 Jaffe Road  
Hong Kong

*Independent Non-executive Directors:*

Mr. Yim Hong Cheuk Foster  
Mr. Huen, Felix Ting Cheung  
Ms. Cheang Ana

29 September 2022

*To the Shareholders*

Dear Sir or Madam

**POSSIBLE MAJOR TRANSACTION  
IN RELATION TO THE LEE GARDEN TWO LEASE**

**1. INTRODUCTION**

Reference is made to the Announcement in relation to the Lee Garden Two Lease.

The purpose of this circular is to provide you, among other things, information in relation to the Lee Garden Two Lease.

**2. LEASE AND LICENCE AGREEMENTS FOR RELOCATION OF GONPACHI  
RESTAURANT AND AN NAM RESTAURANT TO LEE GARDEN TWO**

The Board announced that on 9 September 2022, Gonpachi Restaurant Limited, an indirectly wholly-owned subsidiary of the Company, as tenant, signed the Lease and Licence Agreements in respect of the Lee Garden Two Lease to lease/license the Premises in Lee Garden Two for the relocation of our Gonpachi Restaurant and our An Nam Restaurant. Pursuant to the Lease and Licence Agreements, the term of the Lee Garden Two Lease will be from 8 October 2022 to 31 January 2029.



## LETTER FROM THE BOARD

The principal terms of the Lease and Licence Agreements have been finalised. As at the Latest Practicable Date, the Lease and Licence Agreements were still subject to execution by the Landlord. Based on the past experience of the Group, the Landlord generally executes the agreement within one to two months upon receiving the signed agreement from the Group.

The principal terms of the Lease and Licence Agreements are set out below:

Tenant/Licensee: Gonpachi Restaurant Limited, a subsidiary indirectly wholly owned by of the Company

Landlord/Licensor: Barrowgate Limited, a wholly-owned subsidiary of Hysan

Date of signing by the Tenant/Licensee: 9 September 2022

Premises: *in respect of the lease agreement:*

Shop Nos. 301–306 and 307–308 & 311 on the Third Floor of Lee Garden Two, 28 Yun Ping Road, Causeway Bay, Hong Kong

*in respect of the licence agreement for Roof Garden No. 1:*

All that Roof Garden No. 1 on the Third Floor of Lee Garden Two, 28 Yun Ping Road, Causeway Bay, Hong Kong

*in respect of the licence agreement for Shop No. 310:*

Shop No. 310 on the Third Floor, Lee Garden Two of 28 Yun Ping Road, Causeway Bay, Hong Kong

Term of the lease/licence: approximately six years and four months, from 8 October 2022 to 31 January 2029 (both days inclusive)

The aggregate value of consideration payable: *in respect of the lease agreement:*

The aggregate value of consideration payable by the Tenant under the lease agreement including basic rent, operating charges, promotion levy, rates and less the Fit Out Subsidy is approximately HK\$58.6 million.

<b>LETTER FROM THE BOARD</b>
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The aggregate consideration comprises the followings:

- (i) monthly basic rent with annual increment as set out below:

<b>Year of the term</b>	<b>Monthly basic rent</b>
Year 1	HK\$583,900
Year 2	HK\$607,256
Year 3	HK\$630,612
Year 4	HK\$653,968
Year 5	HK\$677,324
Year 6 till end of term	HK\$700,680

- (ii) monthly operating charges at the commencement of the term of HK\$239,399, which may be increased from time to time;

- (iii) monthly promotional levy of HK\$37,370, which may be increased from time to time; and

- (iv) quarterly rates of HK\$105,102.

The basic rent shall be paid monthly in advance on the first day of each calendar month.

The Tenant is also subject to a turnover rent in the range of 11% to 14% during term of the Lee Garden Two Lease which, if there is any, shall be paid in arrears by the twenty first day of the following month. The percentage of turnover rent is determined based on the level of income received or receivable, derived by the Tenant from its business at or from the Premises in whatsoever manner (“**Gross Takings**”), specifically:

<b>Amount of Gross Takings</b>	<b>% as turnover rent</b>
Below or equal to HK\$3.0 million	11%
Above HK\$3.0 million and below or equal to HK\$4.5 million	12%
Above HK\$4.5 million and below or equal to HK\$5.5 million	13%
Above HK\$5.5 million	14%

## LETTER FROM THE BOARD

Pursuant to the lease agreement, the Tenant shall enjoy a rent free period of four months during which the rent (including monthly basic rent and turnover rent) and promotion levy shall not be payable but operating charges, rates and outgoings shall remain payable.

*in respect of the licence agreement for roof garden:*

The aggregate value of consideration payable by the Tenant under the licence agreement is approximately HK\$0.04 million, comprising the monthly licence fee of HK\$500 inclusive of operating charges and promotional levy but exclusive of rates and other outgoings. The licence fee shall be paid monthly in advance on the first day of each calendar month.

*in respect of the licence agreement for Shop No. 310:*

The aggregate value of consideration payable by the Tenant under the licence agreement is approximately HK\$0.4 million, comprising the monthly licence fee of HK\$5,000 inclusive of operating charges and promotional levy but exclusive of rates and other outgoings. The licence fee shall be paid monthly in advance on the first day of each calendar month.

Pursuant to the licence agreements for the roof garden and Shop No. 310, the Licensee shall enjoy a rent free period of four months during which the licence fees shall not be payable but rates and other outgoings shall remain payable.

The rent and licence fees under the Lease and Licence Agreements are 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.

Deposit:

Approximately HK\$3.1 million in aggregate (representing three months of the average monthly basic rent/licence fee, operating charges, promotion levy and rates), which has been paid by the Tenant to the Landlord upon signing of the Lease and Licence Agreements.

## LETTER FROM THE BOARD

Fit out subsidy:	In consideration of the Tenant agreeing to take up the Lee Garden Two Lease and subject to the Tenant having duly complied with the terms of the Lee Garden Two Lease, the Landlord agreed to subsidise the Tenant's fit out cost spent in respect of the Premises up to the maximum 40% of the total fit out costs provided that such subsidy shall in any event not exceed HK\$11.0 million in total.
Specific user and business name:	Gonpachi and An Nam
Use:	Restaurant operation in Japanese and Vietnamese cuisines
Conditions precedent:	The Lease and Licence Agreements are not subject to any condition precedent.

### **Basis for determination of the rent, licence fees and other information**

The terms of the Lease and Licence Agreements (including the rent, licence fees and other 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, licence fees and other amounts payable by the Tenant under the Lease and Licence Agreements are expected to be financed by the internal resources of the Group.

### **3. THE RIGHT-OF-USE ASSET**

Pursuant to HKFRS 16, following the execution of the Lease and Licence Agreements 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\$51.1 million, which is calculated with reference to the present value of aggregated lease payments plus initial direct costs less the Fit Out Subsidy and estimated reinstatement cost with the Lee Garden Two Lease as discounted using a discount rate which is equivalent to the Company's incremental borrowing rate during the entire term of the Lee Garden Two Lease. As such, the Lee Garden Two Lease contemplated under the Lease and Licence Agreements will be regarded as an acquisition of asset by the Group for the purpose of the GEM Listing Rules.

Based on preliminary estimation of the Company, the value of the right-of-use asset to be recognised by the Company under the Lee Garden Two Lease shall amount to approximately HK\$51.1 million, which is the present value of aggregated lease and licence fees payments, plus initial direct costs less the Fit Out Subsidy and estimated reinstatement cost with the Lee Garden Two Lease in accordance with HKFRS 16. Discount rate of approximately 3.8% per annum is applied to compute the present value of aggregate lease and licence fees payments under the Lee Garden Two Lease.

## LETTER FROM THE BOARD

#### **4. EFFECTS OF THE LEE GARDEN TWO LEASE ON THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND CONSOLIDATION STATEMENT OF FINANCIAL POSITION OF THE GROUP**

Following the execution of the Lease and Licence Agreements by both the Landlord and the Tenant, the Group will depreciate the right-of-use assets over the estimated useful life of 76 months on a straight line-basis and a monthly depreciation amounting to approximately HK\$0.7 million will be charged to the consolidated statement of profit or loss.

Following the execution of the Lease and Licence Agreements by both the Landlord and the Tenant, lease liabilities amounting to approximately HK\$51.1 million will be recognised by the Group in the consolidated statement of financial position and will decrease upon the settlement of lease payments to the landlord accordingly. There would be no change in net assets on the consolidated statement of financial position of the Group immediately after the entering into the Lee Garden Two Lease.

#### **5. REASONS FOR AND BENEFITS OF THE LEE GARDEN TWO 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 People's Republic of China.

On 29 August 2022, the landlord of the Lee Garden One Lease served written notice to the Group to early terminate the Lee Garden One Lease on 31 January 2023 due to its plan for renovation works to be carried out at Lee Garden One. As such, the Group has to identify appropriate locations for the Relocation and considered that the Premises to be an appropriate location taking into account factors such as the area of Premises, its proximity to current location of the two restaurants, the environment, terms of the lease, etc..

Given that the term of the Lee Garden Two Lease will commence on 8 October 2022, the Group expects to have sufficient time to complete the fitting out works for the Relocation prior to the termination of the Lee Garden One Lease. The Group plans to operate An Nam Restaurant and Gonachi Restaurant in its current locations until 31 January 2023, and the Relocation is expected to take place in early February 2023. On such basis, the Directors consider that the Relocation will not cause material disruption to the Group's business operations or financial conditions. The fit out costs is estimated to be HK\$30 million with reference to the Group's fit out costs for its recent new restaurant project (i.e. Modern Shanghai restaurant at East Point City) and taking into account the pricing differences between the restaurants, with Gonpachi Restaurant and An Nam Restaurant aiming to provide a more fine dining environment than Modern Shanghai restaurants. By agreeing to take up the Lee Garden Two Lease, the Tenant also enjoys the benefits of the Fit Out Subsidy subject to compliance with the terms of the Lee Garden Two Lease.

Prior to the signing of the Lease and Licence Agreements by the Tenant, the Group has engaged an independent valuer to review the rent and fees payable under the Lease and Licence Agreements and provide a study to the Board on prevailing market rent. The

## **LETTER FROM THE BOARD**

independent valuer has applied direct comparison method of valuation whereby comparisons based on actual transactions and/or offering of comparable properties have been made. Comparable premises with similar character, size, location, building age, floor level, pedestrian flow, frontage, depth, shape and so on were analysed and weighed against all respective advantages and disadvantages of the Premises in order to arrive at the fair comparison of value. The Directors, in considering the prevailing market rent, have reviewed the study of the independent valuer, and also compared the terms of the Lease and Licence Agreements with the lease terms of premises in vicinity provide by real estate agents or stated in the study of the independent valuer. The Board believes that, taking into account of the historical performance of the Gonpachi Restaurant and An Nam Restaurant, entering into of the Lee Garden Two Lease 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 Lease and Licence Agreements are fair and reasonable and the Lee Garden Two Lease contemplated thereunder is in the interests of the Company and its shareholders as a whole.

### **6. 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 subsidiary indirectly wholly-owned by the Company and is principally engaged in operation of restaurants. For further details of the Group, please see “General Information of the Group” set out in Appendix II to this circular.

### **7. INFORMATION OF THE LANDLORD**

The Landlord is an indirectly wholly-owned subsidiary of Hysan, and is principally engaged in property investment. Hysan Group is principally engaged in property investment, management and development, and its turnover and results are principally derived from investment properties located in Hong Kong.

The Landlord and Hysan are not Shareholders. The Landlord is a group company of Hysan Group and Hysan Group (including the Landlord) is a connected person of the Company at the subsidiary level. For details of the relationship between the Group and Hysan Group, please “8. Implications under the GEM Listing Rules — Connected Transactions” below.

### **8. IMPLICATIONS UNDER THE GEM LISTING RULES**

#### **Major Transaction**

As disclosed in the announcement of the Company dated 30 August 2022, the Group signed the lease agreement in respect of the 10-Shanghai Lease to operate our restaurant under 10 Shanghai brand. For details, please refer to the announcement of the Company dated 30 August 2022. As at the Latest Practicable Date, the Group has not received the fully executed lease agreement in respect of the 10-Shanghai Lease from the relevant landlord.

## LETTER FROM THE BOARD

As the landlord and licensor for the Lee Garden One Lease, the landlord for the 10-Shanghai Lease and the Landlord are all group companies of the Hysan Group, the three transactions are aggregated and treated as if they were one transaction. As one or more applicable percentage ratios (as defined in the GEM Listing Rules) based on the value of the right-of use asset to be recognised by the Group pursuant to HKFRS 16 in respect of (i) the Lee Garden Two Lease and (ii) the Lee Garden Two Lease in aggregation with the Lee Garden One Lease and the 10-Shanghai Lease exceeds 25% but all such applicable percentage ratios are less than 100%, the Lease and Licence Agreements and the Lee Garden Two Lease (itself and in aggregation with the Lee Garden One Lease and 10-Shanghai Lease) constitute a major transaction of the Company and is accordingly subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

Under Rule 19.44 of the GEM Listing Rules, Shareholders' approval for a major transaction may be obtained by way of written Shareholders' approval in lieu of holding a general meeting if (a) no Shareholder is required to abstain from voting if the Company was to convene a general meeting for the approval of the transaction; and (b) the written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the voting rights at that general meeting to approve the transaction. The Directors confirm that, to the best of their knowledge, information and belief after having made all reasonable enquiries, none of the Landlord and Hysan is a Shareholder and therefore no Shareholder is required to abstain from voting if the Company was to convene a general meeting for the approval of the Lee Garden Two Lease. The Controlling Shareholder is beneficially interested in 274,350,000 Shares, representing 71.45% of the total number of issued Shares as at the date of the Announcement and the Latest Practicable Date, and it has given written approval to the Company to approve the Lease and Licence Agreements and the Lee Garden Two Lease in lieu of a general meeting pursuant to Rule 19.44 of the GEM Listing Rules prior to the signing of the Lease and Licence Agreements by the Tenant. The Controlling Shareholder has also confirmed that neither it nor any of its associates have any material interest in the Lee Garden Two Lease. Accordingly, no general meeting will be held by the Company for approving the Lee Garden Two Lease.

### **Connected Transaction**

The Group operates two restaurants offering Japanese and Shanghainese cuisines in Lee Garden Two in joint venture with Hysan Group. The two joint venture companies that operate the two restaurants are subsidiaries of the Company and each of them is owned as to 29% by Hysan Group. Accordingly, Hysan Group (including the Landlord) is a connected person of the Company at the subsidiary level and the acquisition of right-of-use assets by the Group pursuant to HKFRS 16 under the Lee Garden Two Lease also constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules. None of the Directors have a material interest in the Lee Garden Two Lease or is required to abstain from voting on the resolution of the Board approving the Lee Garden Two Lease. Given that the Board has approved the Lee Garden Two Lease and the independent non-executive Directors have confirmed that the terms of the Lee Garden Two Lease are (i) fair and reasonable, (ii) on normal commercial terms or better and in



## LETTER FROM THE BOARD

the ordinary and usual course of business of the Group, and (iii) in the interests of the Company and its shareholders as a whole, the Lee Garden Two Lease, as a connected transaction, is exempted from the circular, independent financial advice and Shareholders' approval requirements pursuant to Rule 20.99 of the GEM Listing Rules. Particulars of the Lee Garden Two Lease will also be included in the annual report of the Company for the year ending 31 December 2022.

### **Continuing Connected Transaction**

The payment of turnover rent and other charges to the Landlord under the Lee Garden Two Lease constitutes a continuing connected transaction of the Company under Chapter 20 of the GEM Listing Rules. Please refer to the Announcement for details of the annual caps (including basis of determining the annual caps) and the Independent Financial Adviser's view on the terms of the Lee Garden Two Lease exceeding three years.

### **9. RECOMMENDATION**

Although no general meeting will be convened by the Company to approve the Lee Garden Two Lease, if such a general meeting was to be convened by the Company, the Board would recommend the Shareholders to vote in favour of the resolutions to approve the Lee Garden Two Lease.

### **10. ADDITIONAL INFORMATION**

The principal terms of the Lease and Licence Agreements have been finalised. Given that the Lease and Licence Agreements are still subject to execution by the Landlord as at the Latest Practicable Date, there may be a time gap between the execution of the Lease and Licence Agreements by the Tenant and the receipt of fully executed Lease and Licence Agreements by the Group. Based on the past experience of the Group, the Landlord generally executes the agreement within one to two months upon receiving the signed agreement from the Group. The Company will keep the market updated on this matter and publish an announcement regarding the Lee Garden Two Lease if and when the fully executed Lease and Licence Agreements are received by the Group.

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,  
By order of the Board  
**1957 & Co. (Hospitality) Limited**  
**Kwok Chi Po**  
*Executive Director*



## 1. CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

The audited consolidated financial statements of the Group for the last three financial years are disclosed in the following documents which have been published on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company at <http://www.1957.com.hk>.

The unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2022 has been set out on pages 2 to 19 of the 2022 interim report of the Company for the six months ended 30 June 2022 which was posted on 11 August 2022 on the Stock Exchange's website. Please also see below a direct link:

<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0811/2022081100029.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2021 has been set out on pages 57 to 120 of the annual report of the Company for the year ended 31 December 2021 which was posted on 25 March 2022 on the Stock Exchange's website. Please also see below a direct link:

<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0325/2022032500027.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2020 has been set out on pages 61 to 126 of the annual report of the Company for the year ended 31 December 2020 which was posted on 26 March 2021 on the Stock Exchange's website. Please also see below a direct link:

<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0326/2021032600067.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2019 has been set out on pages 61 to 124 of the annual report of the Company for the year ended 31 December 2019 which was posted on 31 March 2020 on the Stock Exchange's website. Please also see below a direct link:

<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0331/2020033100001.pdf>

## 2. STATEMENT OF INDEBTEDNESS

### (a) Borrowings

As at 31 August 2022, being the latest practicable date for the purpose of this indebtedness statement, the Group had unsecured and unguaranteed bank borrowings of approximately HK\$2.0 million, with interest rates ranging from approximately 2.7% to 3.8%.

### (b) Lease liabilities

As at 31 August 2022, the Group had lease liabilities of approximately HK\$56.0 million. The Group provided bank guarantee of approximately HK\$2 million for the lease of certain premises in the Elements for operation of a Mango Tree restaurant, and the term of that lease expired on 31 August 2022 (“**Expired Elements Lease**”). The lease

liability in respect of the Expired Elements Lease as at 31 August 2022 was therefore nil. The bank guarantee of HK\$2.0 million was pending to be released by the bank upon receiving instructions from the landlord of the Expired Elements Lease as at 31 August 2022. Save for the above, the Group did not have any guarantee in relation to its lease liabilities as at 31 August 2022.

**(c) Contingent liabilities**

As at 31 August 2022, the Group did not have any contingent liabilities.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in the normal course of business, the Group did not, at the close of business on 31 August 2022, have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other contingent liabilities.

**3. WORKING CAPITAL**

The Directors, after due and careful enquiry, are of the opinion that, after taking into account the financial resources of the Group and considering the effect of the Lease and Licence Agreements, the working capital available to the Group is sufficient for the Group's requirements for at least twelve months from the date of publication of this circular.

**4. MATERIAL ADVERSE CHANGE**

The Directors confirm that there had been no material change in the financial or trading position or outlook of the Group since 31 December 2021, being the date to which the latest published unaudited financial statements of the Company were made up, up to the Latest Practicable Date.

**5. FINANCIAL AND BUSINESS PROSPECTS OF THE GROUP**

The principal activity of the Company is investment holding. The Group is principally engaged in operation of restaurants and catering management and consultancy services in Hong Kong.

For the year ended 31 December 2021, the total revenue of the Group was approximately HK\$394.2 million (2020: HK\$320.5 million), representing a year-over-year increase of approximately 23.0%. As a result of the increase in revenue, the Group recorded a profit for the year attributable to the owners of the Company of approximately HK\$13.2 million (2020: loss of approximately HK\$12.9 million). It was also the combined effects from (i) the partial reversal of the impairment loss on property, plant and equipment in the amount of approximately HK\$4.1 million for a restaurant, which had made a turnaround profit for year 2021 (as compared to loss making in 2020). It had recovered certain of its accumulated losses during the year 2021 and showed a sign of recovering more accumulated losses in the foreseeable period of its lease terms; (ii) the reduction of impairment loss on property, plant and equipment from approximately HK\$19.4 million in 2020 for four restaurants to

approximately HK\$10.5 million for three restaurants, the lease of two of these three restaurants will expire during the year 2022 and the impacts were partially offset by the reduction in government grants; and (iii) the corresponding increase in cost of inventories sold and staff costs as a result of the improvement in business of the restaurants of the Group.

Since entering 2022, restaurant businesses have been under another round of pressure due to the fifth wave of the Coronavirus Disease 2019 (“**COVID-19**”) outbreaks and the tightened social distancing measures in response to it. Certain measures had significant adverse impact on the operation of restaurants and the business of the Group, especially (i) the implementation of dine-in services ban from 6 p.m. to 4:59 a.m. of the next day; (ii) the cap of number of diners per table at two, four and six in Types B, C and D mode of operation, respectively, during the period from 7 January 2022 to 23 February 2022; and (iii) further reduction in the maximum number of diners per table to two regardless of the mode of operation until 20 April 2022. From 21 April 2022 onwards, the abovementioned social distancing measures were adjusted to allow for gradual and orderly resumption of business including the extension of dine-in services for the dinner session to 0:00 a.m. and the maximum number of diners per table was relaxed to up to eight.

The outlook down the road depends critically on how the situation of the COVID-19 outbreaks will evolve. The Group will continue to monitor the developments closely and will be cautious in running its business.

## 1. RESPONSIBILITY STATEMENT

This circular, 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 circular 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 circular misleading.

## 2. DISCLOSURE OF INTERESTS

### 2.1 Directors and chief executives' interests in securities

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO, which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

#### *Long positions in ordinary shares of the Company*

Name of shareholder	Capacity	Shares	Shareholding percentage
Mr. Cai Weike	Interest of controlled corporation	274,350,000 <sup>(1)</sup>	71.45

*Notes:*

- (1) These Shares are held by Real Hero Ventures Limited, which is wholly and beneficially owned by Mr. Cai Weike. Accordingly, Mr. Cai Weike is deemed to be interested in all the Shares held by Real Hero Ventures Limited by virtue of the SFO. Mr. Cai Weike is the sole director of Real Hero Ventures Limited.

Save as disclosed above and so far as is known to the Directors, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO, which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register of the

Company required to be kept under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date,

- (1) none of the Directors have any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Company were made; and
- (2) none of the Directors is materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group.

## 2.2 Substantial shareholders interests in securities

As at the Latest Practicable Date, the following persons/entities (other than the Directors or chief executive of the Company) had or were deemed to have interests or short positions in the Shares and the underlying shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company or any other member of the Group:

Name of shareholder	Capacity	Shares	Shareholding percentage
Real Hero Ventures Limited <sup>(1)</sup>	Beneficial owner	274,350,000	71.45
Ms. Zhang Meiyun <sup>(2)</sup>	Interest of spouse	274,350,000	71.45

*Notes:*

- (1) Real Hero Ventures Limited is wholly and beneficially owned by Mr. Cai Weike, the chairman of the Board and an executive Director. Accordingly, Mr. Cai Weike is deemed to be interested in all the Shares held by Real Hero Ventures Limited by virtue of the SFO.
- (2) Ms. Zhang Meiyun is the spouse of Mr. Cai Weike and is deemed to be interested in all the Shares Mr. Cai Weike is interested in by virtue of the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any other persons who had or were deemed to have an interest or a short position in the Shares or the underlying shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group.

### **3. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors, the controlling Shareholders and their respective close associates (as defined under the GEM Listing Rules), was interested in any business which competes or is likely to compete either directly or indirectly with the business of the Group (as would be required to be disclosed under the GEM Listing Rules if each of them were a controlling Shareholder).

### **4. MATERIAL LITIGATION**

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was pending or threatened against any members of the Group.

### **5. MATERIAL CONTRACTS**

The Directors considered that entering into and renewal of leases to rent premises for operation of the Group's restaurants are ordinary course of the business of the Group. There was no material contract (not being contracts entered into in the ordinary course of business of the Group) entered into by any member of the Group within the period from the day two years before the date of this circular and up to the Latest Practicable Date.

### **6. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into any service contract or letter of appointment with the Company and/or any of its subsidiaries which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

### **7. GENERAL**

- (1) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (2) The principal place of business of the Company is at 33rd floor, Times Tower, 391–407 Jaffe Road, Hong Kong.

- (3) The principal share registrar and transfer office of the Company is Conyers Trust Company (Cayman) Limited at P.O. Box 2681 Cricket Square, Hutchins Drive Grand Cayman KY1-1111 Cayman Islands.
- (4) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited, at 17/F, Far East Financial Centre, 16 Harcourt Road, Hong Kong.
- (5) The joint secretaries of the Company are (i) Mr. Fong Chi Wing, who is a certified public accountant, and (ii) Mr. Tsang Ho Yin, who is admitted as a solicitor in Australia and Hong Kong.
- (6) The compliance officer of the Company is Mr. Kwok Chi Po, who is also an executive Director.
- (7) The primary duties of the audit committee include, among others, to handle the Company's relationship with its auditors, review the Group's financial information, oversee the Company's risk management, financial reporting system and internal control procedures, and oversee the Company's corporate governance functions and its continuing connected transactions.
- (8) The audit committee of the Company currently consists of three INEDs, namely Mr. Yim Hong Cheuk Foster (“**Mr. Yim**”), Mr. Huen, Felix Ting Cheung (“**Mr. Huen**”) and Ms. Cheang Ana (“**Ms. Cheang**”), and is chaired by Mr. Huen.

**Mr. Yim** has over seven years of experience in public service, professional and education institutions. He is currently the chairman of the Appeal Tribunal Panel established under section 45 of the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong), the legal consultant of the Junior Police Officers' Association of the Hong Kong Police Force, the honorary legal consultant of the H.K.S.A.R. Government Traffic Wardens General Union and the secretary general of Legal Profession Advancement Association Limited. Additionally, he is a director of Hong Kong Education City Limited, a member of the Joint CUHK-NTEC Clinical Research Ethics Committee, a member of the Advisory Committee of the Master Programmes offered by the School of Translation of The Hang Seng University of Hong Kong, a director of both Lingnan Hang Yee Memorial Secondary School and the Lingnan Education Organisation, a member of the Advisory Board for the Department of Translation of Lingnan University and a member of the Court of Lingnan University. Mr. Yim is also an independent non-executive director of Yincheng International Holding Co., Limited (Stock code: 1902), the issued shares of which are listed on the Main Board of the Stock Exchange since June 2022 and an independent non-executive director of Summi (Group) Holdings Limited (Stock code: 756), the issued shares of which are listed on the Main Board of the Stock Exchange since July 2022. Mr. Yim received his Bachelor of Arts in Translation degree at Lingnan University in November 2002, the Master of Arts in Philosophy degree at the University of Nottingham in December 2003 and Master of Science degree at the Chinese University of Hong Kong in December 2006. He was then admitted to the J. D. degree at the Chinese University of Hong Kong in December



2009 and obtained the Postgraduate Certificate in Laws from the same university in July 2010. Mr. Yim was admitted and enrolled as a barrister of the High Court of Hong Kong in May 2011, and is currently a counsel at Liberty Chambers with over 10 years of experience in the legal profession. He is a fellow of both Hong Kong Institute of Arbitrators and Hong Kong Securities and Investment Institute.

**Mr. Huen**, aged 36, obtained a bachelor's degree in arts (Accounting) from Edinburgh Napier University in United Kingdom in January 2010 and is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Huen is also a licensed person registered under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") to carry out Type 6 (advising on corporate finance) regulated activity. Mr. Huen has extensive experience in the areas of accounting and corporate finance. Mr. Huen is currently the director and responsible officer of Diligent Capital Limited, a licensed corporation registered under the SFO to carry out Type 6 (advising on corporate finance) regulated activity. Mr. Huen has also been appointed as a joint company secretary of Orient Securities International Holdings Limited, whose shares are listed on GEM of the Stock Exchange (stock code: 8001), since November 2021 and a joint company secretary of Oriental Payment Group Holdings Limited, whose shares are listed on GEM of the Stock Exchange, (stock code: 8613) since March 2022.

**Ms. Cheang** was admitted as a solicitor in New South Wales, Australia in July 2012 and has been qualified as a solicitor for the High Court of Australia since November 2013. She worked at a law firm in Brisbane, Australia from March 2012 to February 2016 with her last position as solicitor. Ms. Cheang worked at a law firm in Hong Kong as a registered foreign lawyer from August 2016 to September 2020. Ms. Cheang obtained her degree of Medical Science from the Queensland University of Technology in 2006, her Bachelor of Laws degree at Queensland University of Technology in 2011, and graduate diploma in Legal Practice from the Queensland University of Technology in 2012.

- (9) Should there be any inconsistencies between the English text and the Chinese text of this circular, the English text of this circular shall prevail over the Chinese text.

## 8. DOCUMENTS ON DISPLAY

The Lease and Licence Agreements will be published on the website of the Company at [www.1957.com.hk](http://www.1957.com.hk) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) for a period of not less than 14 days from the date of this circular (inclusive).