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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 LEASE AND LICENCE AGREEMENTS  
FOR AN EXISTING ITALIAN CUISINE RESTAURANT  
IN HARBOUR CITY**

**RENEWAL OF LEASE AND LICENCE AGREEMENTS FOR AN EXISTING  
ITALIAN CUISINE RESTAURANT IN HARBOUR CITY**

On 17 May 2023, the New Lease and Licence Agreements in respect of the renewal of the Lease and the Licence of the Locations in Harbour City were signed by an indirectly wholly-owned subsidiary of the Company, and pursuant to which, the term of the Lease and the Licence will be renewed for two years from 15 June 2023 to 14 June 2025. We are currently operating our restaurant under the Paper Moon brand at the Locations.

The New Lease and Licence Agreements are still subject to the execution by WRL or HCEL.

**IMPLICATIONS UNDER THE GEM LISTING RULES**

Pursuant to HKFRS 16, as a result of the renewal of the Lease and the Licence, the Group shall recognise an additional asset representing its right to use the Locations in the amount of approximately HK\$15.2 million, which is calculated with reference to the present value of aggregated lease payments (except for turnover rent) plus initial direct costs and estimated reinstatement cost with the Lease and the Licence as discounted using a discount rate which is equivalent to the Company's incremental borrowing rate during the entire term of the New Lease and Licence Agreements. As such, the Transaction 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 New Lease and Licence Agreements 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 Transaction 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 LEASE AND LICENCE AGREEMENTS FOR AN EXISTING ITALIAN CUISINE RESTAURANT IN HARBOUR CITY**

The Board is pleased to announce that on 17 May 2023, after negotiation and discussion among the Group and HCEL, the New Lease and Licence Agreements in respect of the renewal of the Lease and the Licence of the Locations were signed by an indirectly wholly-owned subsidiary of the Company.

The New Lease and Licence Agreements are still subject to the execution by WRL or HCEL.

### **THE NEW LEASE AGREEMENT**

The principal terms of the New Lease Agreement are set out below:

Tenant:	BVL
Landlord:	WRL
Duly authorised agent of WRL:	HCEL
Date of signing by BVL:	17 May 2023
Premises for the Lease:	Shop OTE 301, Level 3, Ocean Terminal, Harbour City
Term of the Lease:	Two (2) years commencing from 15 June 2023 to 14 June 2025 (both days inclusive)
The aggregate value of consideration payable:	The aggregate value of consideration payable under the New Lease Agreement including base rent, service charge, air-conditioning charge and promotional charge by BVL is approximately HK\$12.9 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.

BVL is also subject to a turnover rent of 12.5% during term of the Lease which, if there is any, shall be paid in arrears by the twenty-first day of the following month.

The rent under the New Lease Agreement is determined after arm's length negotiations between BVL and HCEL, after taking into consideration the prevailing market price for comparable premises in the vicinity of the Premises for the Lease.

Base rent:	Approximately HK\$438,000 per month
Service charge:	Approximately HK\$46,000 per month, which may be varied by WRL at its sole discretion from time to time.
Air-conditioning charges:	Approximately HK\$35,000 per month, which may be varied by WRL at its sole discretion from time to time.
Promotion charge:	Approximately HK\$18,000 per month, which may be varied by WRL at its sole discretion from time to time.
Deposit:	Approximately HK\$1.7 million, of which (1) approximately HK\$1.4 million currently held by WRL or HCEL as security deposit under the Existing Lease Agreement would be transferred to become as partial cash deposit payable under the New Lease Agreement upon commencement of the term, and (2) approximately HK\$0.3 million has been paid by BVL to HCEL by cash upon signing of the New Lease Agreement.
Permitted Use:	Operation of a high class Italian restaurant trading under the shop name and style of "Paper Moon"

## **THE NEW LICENCE AGREEMENT I**

The principal terms of the New Licence Agreement I are set out below:

Licensee:	BVL
Licensor:	WRL
Duly authorised agent of WRL:	HCEL
Date of signing by BVL:	17 May 2023
Premises for the Licence I:	Outside Seating Area adjoining to Shop OTE 301, Level 3, Ocean Terminal, Harbour City
Term of the Licence I:	Two (2) years commencing from 15 June 2023 to 14 June 2025 (both days inclusive)

The aggregate value of consideration payable: The aggregate value of consideration payable under the New Licence Agreement I including monthly basic licence fee, service charge and promotional charge by BVL is approximately HK\$2.2 million, which will be satisfied by internal resources of the Group. All licence fee and other charges shall be paid monthly in advance on the first day of each calendar month.

BVL is also subject to a turnover rent of 12.5% during term of the Licence I which, if there is any, shall be paid in arrears by the twenty-first day of the following month.

The rent under the New Licence Agreement I is determined after arm's length negotiations between BVL and HCEL, after taking into consideration the prevailing market price for comparable premises in the vicinity of the Premises for the Licence I.

Base licence fee: Approximately HK\$62,000 per month

Service charge: Approximately HK\$22,000 per month, which may be varied by WRL at its sole discretion from time to time.

Promotion charge: Approximately HK\$9,000 per month, which may be varied by WRL at its sole discretion from time to time.

Deposit: Approximately HK\$280,000, of which (1) approximately HK\$270,000 currently held by WRL or HCEL as security deposit under the Existing Licence Agreement I would be transferred to become as partial cash deposit payable under the New Licence Agreement I upon commencement of the term, and (2) approximately HK\$10,000 has been paid by BVL to HCEL by cash upon signing of the New Licence Agreement I.

Permitted Use: Displaying or advertising the merchandise of "Paper Moon" and as an extension to the Premises for the Lease

## **THE NEW LICENCE AGREEMENT II**

The principal terms of the New Licence Agreement II are set out below:

Licensee: BVL

Licensor: WRL

Duly authorised agent of WRL: HCEL

Date of signing by BVL:	17 May 2023
Premises for the Licence II:	Display Area adjoining to Shop OTE 301, Level 3, Ocean Terminal, Harbour City
Term of the Licence II:	Two (2) years commencing from 15 June 2023 to 14 June 2025 (both days inclusive)
Monthly licence fee and other charges	HK\$1, inclusive of air-conditioning charge, service charge and promotional charge, but exclusive of government rent, rates and other outgoings, which shall be paid monthly in advance on the first day of each calendar month.
Deposit:	HK\$10,000, of which the same amount currently held by WRL or HCEL as security deposit under the Existing Licence Agreement II would be transferred to become as cash deposit payable under the New Licence Agreement II upon commencement of the term.
Permitted Use:	As an extension to the Premises for the Lease

## **BASIS FOR DETERMINATION OF THE RENTALS AND OTHER INFORMATION**

The terms of the New Lease and Licence Agreements (including the rental) were determined after arm's length negotiations between BVL and HCEL, with reference to the prevailing market rentals for properties of similar type, age and location. The rental and other amounts payable by BVL under the New Lease and Licence Agreements 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 Lease and the Licence, the Group shall recognise an additional asset representing its right to use the Locations. As such, the Transaction 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 Transaction shall amount to approximately HK\$15.2 million, which is the present value of aggregated lease payments (except for turnover rent), plus initial direct costs and estimated reinstatement cost with the Lease and the Licence in accordance with HKFRS 16. Discount rate of approximately 5.27% per annum, which is equivalent to the Company's incremental borrowing rate during the entire term of the New Lease and Licence Agreements, is applied to compute the present value of aggregate lease payments under the Transaction.

## **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. BVL is an indirectly wholly-owned subsidiary of the Company and is principally engaged in the operation of full-service restaurant.

## **INFORMATION OF WRL AND HCEL**

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, WRL and HCEL are principally engaged in property leasing, and WRL, HCEL and their respective ultimate beneficial owners 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, Paper Moon, is situated at the Locations. The Existing Lease and Licence Agreements are going to be expired on 14 June 2023. The Board believes that, taking into account of the historical performance of such restaurant, the renewal of the Lease and the Licence 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 New Lease and Licence Agreements 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 Lease and the Licence, the Group shall recognise an additional asset representing its right to use the Locations in the amount of approximately HK\$15.2 million calculated with reference to the present value of aggregated lease payments (except for turnover rent) plus initial direct costs and estimate reinstatement cost with the Lease and the Licence as discounted using a discount rate which is equivalent to the Company's incremental borrowing rate during the entire term of the New Lease and Licence Agreements. As such, the Transaction 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 New Lease and Licence Agreements 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 Transaction 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
“BVL”	Bella Vita Limited, a company incorporated in Hong Kong with limited liability and an indirectly wholly-owned subsidiary of the Company
“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 Lease Agreement”	the lease agreement entered into between BVL and HCEL on 26 February 2018 in relation to the leasing of Shop OTE 301, Level 3, Ocean Terminal, Harbour City
“Existing Lease and Licence Agreements”	the Existing Lease Agreement, the Existing Licence Agreement I and the Existing Licence Agreement II entered into between BVL and HCEL on 26 February 2018 in relation to the leasing and licencing of the Locations
“Existing Licence Agreement I”	the licence agreement entered into between BVL and HCEL on 26 February 2018 in relation to the licencing of Outside Seating Area adjoining to Shop OTE 301, Level 3, Ocean Terminal, Harbour City
“Existing Licence Agreement II”	the licence agreement entered into between BVL and HCEL on 26 February 2018 in relation to the licencing of Display Area adjoining to Shop OTE 301, Level 3, Ocean Terminal, Harbour City
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HCEL”	HARBOUR CITY ESTATES LIMITED, a company incorporated in Hong Kong with limited liability, and the duly authorised agent of WRL

“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
“Lease”	the leasing of Shop OTE 301, Level 3, Ocean Terminal, Harbour City by the Tenant under the terms set out in the New Lease Agreement
“Licence”	Licence I and Licence II
“Licence I”	the licencing of Outside Seating Area adjoining to Shop OTE 301, Level 3, Ocean Terminal, Harbour City by BVL under the terms set out in the New Licence Agreement I
“Licence II”	the licencing of Display Area adjoining to Shop OTE 301, Level 3, Ocean Terminal, Harbour City by BVL under the terms set out in the New Licence Agreement II
“Locations”	in respect of the New Lease Agreement: Shop OTE 301, Level 3, Ocean Terminal, Harbour City  in respect of the New Licence Agreement I: Outside Seating Area adjoining to Shop OTE 301, Level 3, Ocean Terminal, Harbour City  in respect of the New Licence Agreement II: Display Area adjoining to Shop OTE 301, Level 3, Ocean Terminal, Harbour City
“New Lease Agreement”	the lease agreement signed by BVL on 17 May 2023 in relation to the leasing of Shop OTE 301, Level 3, Ocean Terminal, Harbour City
“New Lease and Licence Agreements”	the New Lease Agreement, the New Licence Agreement I and the New Licence Agreement II signed by BVL on 17 May 2023 in relation to the leasing and licencing of the Locations
“New Licence Agreement I”	the licence agreement signed by BVL on 17 May 2023 in relation to the licensing of Outside Seating Area adjoining to Shop OTE 301, Level 3, Ocean Terminal, Harbour City



“New Licence Agreement II”	the licence agreement signed by BVL on 17 May 2023 in relation to the licensing of Display Area adjoining to Shop OTE 301, Level 3, Ocean Terminal, Harbour City
“PRC”	the People’s Republic of China
“Premises for the Lease”	Shop OTE 301, Level 3, Ocean Terminal, Harbour City
“Premises for the Licence I”	Outside Seating Area adjoining to Shop OTE 301, Level 3, Ocean Terminal, Harbour City
“Premises for the Licence II”	Display Area adjoining to Shop OTE 301, Level 3, Ocean Terminal, Harbour City
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the leasing and licencing of the Locations by BVL under the terms set out in the New Lease and Licence Agreements
“WRL”	WHARF REALTY LIMITED, a company incorporated in Hong Kong with limited liability, the landlord and the licensor of the Locations, and the wholly-owned subsidiary of HCEL
“%”	per cent

By order of the Board  
**1957 & Co. (Hospitality) Limited**  
**Kwok Chi Po**  
*Chief Executive Officer and Executive Director*

Hong Kong, 17 May 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](http://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](http://www.1957.com.hk).*