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## **MS CONCEPT LIMITED**

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

**(Stock Code: 8447)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018**

The board of directors (the “**Directors**” and the “**Board**”, respectively) of MS Concept Limited (the “**Company**”) announces the unaudited results of the Company and its subsidiaries for the six months ended 30 September 2018.

This announcement, containing the full text of the 2018/2019 interim report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) in relation to the information to accompany the preliminary announcement of interim results. Printed version of the 2018/2019 interim report of the Company containing the information required by the GEM Listing Rules will be despatched to the shareholders of the Company in due course in the manner as required by the GEM Listing Rules.

By order of the Board

**MS Concept Limited**

**Kwong Tai Wah**

*Chairman and Executive Director*

Hong Kong, 13 November 2018

*As at the date of this announcement, the executive Directors are Mr. Kwong Tai Wah (Chairman and Chief Executive Officer), Ms. Kwong Man Yui (Vice Chairlady) and Mr. Lam On Fai; and the independent non-executive Directors are Mr. Lai Ming Fai Desmond, Dr. Cheng Lee Lung and Mr. Kwok Yiu Chung.*

*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 Company Announcements” page of the GEM website ([www.hkgem.com](http://www.hkgem.com)) for at least 7 days from the date of its publication. This announcement will also be published on the website of the Company ([www.mrsteak.com.hk](http://www.mrsteak.com.hk)).*

## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE” AND “GEM”, RESPECTIVELY)

**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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*This report, for which the directors (collectively the “**Directors**” and individually a “**Director**”) of MS Concept Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (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 report 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 report misleading.*

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Kwong Tai Wah

*(Chairman and Chief Executive Officer)*

Ms. Kwong Man Yui *(Vice Chairlady)*

Mr. Lam On Fai

#### Independent Non-Executive Directors

Mr. Lai Ming Fai Desmond

Dr. Cheng Lee Lung

Mr. Kwok Yiu Chung

### BOARD COMMITTEES

#### Audit Committee

Mr. Lai Ming Fai Desmond *(Chairman)*

Dr. Cheng Lee Lung

Mr. Kwok Yiu Chung

#### Remuneration Committee

Mr. Kwok Yiu Chung *(Chairman)*

Mr. Lai Ming Fai Desmond

Dr. Cheng Lee Lung

#### Nomination Committee

Mr. Kwong Tai Wah *(Chairman)*

Dr. Cheng Lee Lung

Mr. Kwok Yiu Chung

### COMPANY SECRETARY

Mr. Kwok Siu Man, *FCIS FCS*

### COMPLIANCE OFFICER

Ms. Kwong Man Yui

### AUTHORISED REPRESENTATIVES

Mr. Kwong Tai Wah

Mr. Kwok Siu Man

### COMPLIANCE ADVISER

Alliance Capital Partners Limited

### INDEPENDENT AUDITORS

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

### LEGAL ADVISER

*as to Hong Kong laws*

D. S. Cheung & Co.

### PRINCIPAL BANKER

DBS Bank (Hong Kong) Limited

### HEADQUARTERS, HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2313, 23/F, Hong Kong Plaza

186-191 Connaught Road West

Hong Kong

### REGISTERED OFFICE

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

Level 22, Hopewell Centre

183 Queen's Road East

Hong Kong

### COMPANY WEBSITE

[www.mrsteak.com.hk](http://www.mrsteak.com.hk)

### GEM STOCK CODE

8447

## FINANCIAL HIGHLIGHTS

For the six months ended 30 September 2018:

- our revenue achieved approximately HK\$133.4 million, representing an increase of approximately HK\$5.2 million, or 4.1%, from approximately HK\$128.2 million for the six months ended 30 September 2017;
- we recorded a net loss of approximately HK\$1.7 million as a result of the recognition of listing expenses amounting to approximately HK\$7.3 million;
- excluding the non-recurring initial public offering (the “**IPO**”) listing and related expenses, our net profit from operation amounted to approximately HK\$5.6 million; and
- the board of Directors (the “**Board**”) has resolved not to declare the payment of a dividend.

## INTERIM RESULTS

The Board announces the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 September 2018, together with the comparative audited figures for the six months ended 30 September 2017 and certain comparative audited figures as at 31 March 2018. The information should be read in conjunction with the prospectus of the Company dated 29 March 2018 (the “**Prospectus**”). The financial information is as follows:

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the three months and six months ended 30 September 2018*

|                                                                                                    |       | Three months ended<br>30 September |                                 | Six months ended<br>30 September |                               |
|----------------------------------------------------------------------------------------------------|-------|------------------------------------|---------------------------------|----------------------------------|-------------------------------|
|                                                                                                    | Notes | 2018<br>HK\$'000<br>(unaudited)    | 2017<br>HK\$'000<br>(unaudited) | 2018<br>HK\$'000<br>(unaudited)  | 2017<br>HK\$'000<br>(audited) |
| <b>Revenue</b>                                                                                     | 4     | <b>66,755</b>                      | 67,062                          | <b>133,382</b>                   | 128,207                       |
| Cost of inventories sold                                                                           |       | <b>(21,699)</b>                    | (21,417)                        | <b>(43,770)</b>                  | (42,062)                      |
| <b>Gross profit</b>                                                                                |       | <b>45,056</b>                      | 45,645                          | <b>89,612</b>                    | 86,145                        |
| Other revenue and other income                                                                     | 5     | <b>195</b>                         | 254                             | <b>536</b>                       | 462                           |
| Staff costs                                                                                        |       | <b>(18,742)</b>                    | (17,681)                        | <b>(38,143)</b>                  | (34,528)                      |
| Depreciation of property,<br>plant and equipment                                                   |       | <b>(1,307)</b>                     | (1,436)                         | <b>(2,746)</b>                   | (2,845)                       |
| Rentals and related expenses                                                                       |       | <b>(13,924)</b>                    | (13,717)                        | <b>(27,867)</b>                  | (27,211)                      |
| Fuel and utility expenses                                                                          |       | <b>(1,383)</b>                     | (1,334)                         | <b>(2,741)</b>                   | (2,604)                       |
| Administrative expenses                                                                            |       | <b>(5,308)</b>                     | (4,627)                         | <b>(11,795)</b>                  | (9,052)                       |
| Listing expenses                                                                                   |       | <b>–</b>                           | –                               | <b>(7,293)</b>                   | –                             |
| Finance costs                                                                                      | 6     | <b>(234)</b>                       | (226)                           | <b>(432)</b>                     | (380)                         |
| <b>Profit/(loss) before tax</b>                                                                    | 7     | <b>4,353</b>                       | 6,878                           | <b>(869)</b>                     | 9,987                         |
| Income tax expenses                                                                                | 8     | <b>(690)</b>                       | (1,143)                         | <b>(871)</b>                     | (1,656)                       |
| <b>Profit/(loss) and total<br/>comprehensive income/(loss)<br/>for the period</b>                  |       | <b>3,663</b>                       | 5,735                           | <b>(1,740)</b>                   | 8,331                         |
| <b>Profit/(loss) and total<br/>comprehensive income/(loss)<br/>for the period attributable to:</b> |       |                                    |                                 |                                  |                               |
| Owners of the Company                                                                              |       | <b>3,663</b>                       | 5,735                           | <b>(1,740)</b>                   | 8,331                         |
| <b>Earnings/(loss) per share</b>                                                                   |       |                                    |                                 |                                  |                               |
| Basic and diluted (HK cents)                                                                       | 9     | <b>0.37</b>                        | 0.76                            | <b>(0.18)</b>                    | 1.11                          |

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

|                                             | Notes | As at<br>30 September<br>2018<br>HK\$'000<br>(unaudited) | As at<br>31 March<br>2018<br>HK\$'000<br>(audited) |
|---------------------------------------------|-------|----------------------------------------------------------|----------------------------------------------------|
| <b>Non-current assets</b>                   |       |                                                          |                                                    |
| Property, plant and equipment               | 11    | 8,451                                                    | 11,076                                             |
| Deferred tax assets                         |       | 1,843                                                    | 1,843                                              |
| Non-current rental deposits                 |       | 9,837                                                    | 8,148                                              |
|                                             |       | <b>20,131</b>                                            | 21,067                                             |
| <b>Current assets</b>                       |       |                                                          |                                                    |
| Inventories                                 |       | 705                                                      | 861                                                |
| Trade receivables                           | 12    | 2,805                                                    | 2,680                                              |
| Deposits, prepayments and other receivables |       | 6,697                                                    | 10,950                                             |
| Pledged bank deposits                       |       | 2,016                                                    | 2,015                                              |
| Cash and bank balances                      |       | 70,405                                                   | 13,770                                             |
|                                             |       | <b>82,628</b>                                            | 30,276                                             |
| <b>Current liabilities</b>                  |       |                                                          |                                                    |
| Amount due to a related company             |       | –                                                        | 74                                                 |
| Trade payables                              | 13    | 17,601                                                   | 17,560                                             |
| Accruals and other payables                 |       | 4,364                                                    | 9,861                                              |
| Tax payables                                |       | 2,105                                                    | 1,234                                              |
| Bank borrowings                             | 14    | 19,502                                                   | 18,626                                             |
|                                             |       | <b>43,572</b>                                            | 47,355                                             |
| <b>Net current assets/(liabilities)</b>     |       | <b>39,056</b>                                            | (17,079)                                           |
| <b>Net assets</b>                           |       | <b>59,187</b>                                            | 3,988                                              |
| <b>Capital and reserves</b>                 |       |                                                          |                                                    |
| Share capital                               | 15    | 10,000                                                   | –                                                  |
| Reserve                                     |       | 49,187                                                   | 3,988                                              |
| <b>Total equity</b>                         |       | <b>59,187</b>                                            | 3,988                                              |

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2018

|                                                         | Share<br>capital<br>HK\$'000 | Share<br>premium<br>HK\$'000 | Retained<br>earnings<br>HK\$'000 | Total<br>HK\$'000 |
|---------------------------------------------------------|------------------------------|------------------------------|----------------------------------|-------------------|
| At 1 April 2018 (audited)                               | –                            | –                            | 3,988                            | 3,988             |
| Issuance of new shares pursuant<br>to Share Offer       | 2,500                        | 65,000                       | –                                | 67,500            |
| Issuance of shares pursuant to<br>Capitalisation Issue  | 7,500                        | (7,500)                      | –                                | –                 |
| Share issuing expenses                                  | –                            | (10,561)                     | –                                | (10,561)          |
| Loss and total comprehensive<br>loss for the period     | –                            | –                            | (1,740)                          | (1,740)           |
| <b>At 30 September 2018<br/>(unaudited)</b>             | <b>10,000</b>                | <b>46,939</b>                | <b>2,248</b>                     | <b>59,187</b>     |
| At 1 April 2017 (audited)                               | –                            | –                            | 13,232                           | 13,232            |
| Profit and total comprehensive<br>income for the period | –                            | –                            | 8,331                            | 8,331             |
| Dividend paid                                           | –                            | –                            | (5,850)                          | (5,850)           |
| At 30 September 2017 (audited)                          | –                            | –                            | 15,713                           | 15,713            |

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2018

|                                                              | Six months ended<br>30 September |           |
|--------------------------------------------------------------|----------------------------------|-----------|
|                                                              | 2018                             | 2017      |
|                                                              | HK\$'000                         | HK\$'000  |
|                                                              | (unaudited)                      | (audited) |
| Net cash generated from operating activities                 | <b>638</b>                       | 12,350    |
| Net cash used in investing activities                        | <b>(129)</b>                     | (770)     |
| Net cash generated from/(used in)<br>in financing activities | <b>56,126</b>                    | (2,498)   |
| Net increase in cash and cash equivalents                    | <b>56,635</b>                    | 9,082     |
| Cash and cash equivalents at the beginning<br>of the period  | <b>13,770</b>                    | 5,113     |
| Cash and cash equivalents at the end<br>of the period        | <b>70,405</b>                    | 14,195    |

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 8 November 2017 as an exempted company with limited liability under the Companies Law, Cap. 22 of the Cayman Islands. The issued shares of the Company (the **"Shares"**) have been listed and traded on GEM by way of Share Offer (the **"Listing"**) since 16 April 2018. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at Room 2313, 23/F, Hong Kong Plaza, 186–191 Connaught Road West, Hong Kong. In the opinion of the Directors, the immediate and ultimate holding company of the Company is Future More Company Limited (**"Future More"**), a company incorporated in the British Virgin Islands (the **"BVI"**) with limited liability and wholly owned by Mr. Kwong Tai Wah (**"Mr. Kwong"**), Ms. Ip Yin King Ingrid (**"Ms. Ingrid Ip"**), Mr. Kwong Tai Wing Joseph (**"Mr. Joseph Kwong"**), Ms. Kwong Ching Yee Melanie (**"Ms. Melanie Kwong"**) and Ms. Kwong Man Yui (**"Ms. Kwong"**). Mr. Kwong is the chairman of the Board (the **"Chairman"**), an executive Director and the chief executive officer of the Group (the **"CEO"**) and Ms. Kwong is an executive Director.

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of catering services in Hong Kong.

Pursuant to a group reorganisation to rationalise the structure of the Group in preparation for the Listing (the **"Reorganisation"**), the Company became the holding company of the Group. Details of the Reorganisation are set out in the section headed "History, Development and Reorganisation" in the Prospectus.

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2018 are presented in Hong Kong Dollars (**"HK\$"**) which is also the functional currency of the Company and all values are rounded to the nearest thousand (**"HK\$'000"**), unless otherwise stated.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2018 have been prepared under the historical cost basis and in accordance with accounting principles generally accepted in Hong Kong and the applicable disclosure requirement of the GEM Listing Rules.

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2018 do not include all the information and disclosures required in the annual financial statements and therefore should be read in conjunction with the audited annual consolidated financial statements of the Group for the year ended 31 March 2018 (the **"2018 Financial Statements"**) included in the annual report of the Company dated 26 June 2018. The accounting policies adopted are consistent with those applied in the 2018 Financial Statements, which have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (hereinafter collectively referred to as the **"HKFRSs"**) issued by the Hong Kong Institute of Certified Public Accountants, except the new and revised HKFRSs which are effective for the financial year beginning on or after 1 January 2018. The adoption of these new and revised HKFRSs has not had material impact on the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2018. The Group has not applied or early applied the new and revised HKFRSs (including their consequential amendments) which are relevant to the Group that have been issued but are not yet effective in the preparation of these unaudited condensed consolidated financial statements.

### 3. SEGMENT INFORMATION

The Group is principally engaged in the provision of catering services through a chain of restaurants in Hong Kong. Information reported to the Group's management for the purpose of resources allocation and performance assessment focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no additional reportable segment and geographical information have been presented.

### 4. REVENUE

Revenue represents amounts received and receivable from restaurants operations and sales of food, net of discounts. An analysis of revenue is as follows:

|                       | Three months ended<br>30 September<br>2018<br>HK\$'000<br>(unaudited) |                                 | Six months ended<br>30 September<br>2018<br>HK\$'000<br>(unaudited) |                               |
|-----------------------|-----------------------------------------------------------------------|---------------------------------|---------------------------------------------------------------------|-------------------------------|
|                       |                                                                       | 2017<br>HK\$'000<br>(unaudited) |                                                                     | 2017<br>HK\$'000<br>(audited) |
| Restaurant operations | 66,175                                                                | 66,506                          | 132,229                                                             | 127,097                       |
| Sales of food         | 580                                                                   | 556                             | 1,153                                                               | 1,110                         |
|                       | <b>66,755</b>                                                         | 67,062                          | <b>133,382</b>                                                      | 128,207                       |

The revenue from restaurants operations and sales of food is recognised at a point in time.

### 5. OTHER REVENUE AND OTHER INCOME

|                            | Three months ended<br>30 September<br>2018<br>HK\$'000<br>(unaudited) |                                 | Six months ended<br>30 September<br>2018<br>HK\$'000<br>(unaudited) |                               |
|----------------------------|-----------------------------------------------------------------------|---------------------------------|---------------------------------------------------------------------|-------------------------------|
|                            |                                                                       | 2017<br>HK\$'000<br>(unaudited) |                                                                     | 2017<br>HK\$'000<br>(audited) |
| Bank interest income       | 1                                                                     | 1                               | 2                                                                   | 1                             |
| Consultancy service income | 45                                                                    | –                               | 45                                                                  | –                             |
| Management fee income      | –                                                                     | –                               | –                                                                   | 30                            |
| Tips income                | 53                                                                    | 107                             | 102                                                                 | 200                           |
| Sponsorship income         | –                                                                     | –                               | 119                                                                 | 125                           |
| Others                     | 96                                                                    | 146                             | 268                                                                 | 106                           |
|                            | <b>195</b>                                                            | 254                             | <b>536</b>                                                          | 462                           |

### 6. FINANCE COSTS

|                             | Three months ended<br>30 September<br>2018<br>HK\$'000<br>(unaudited) |                                 | Six months ended<br>30 September<br>2018<br>HK\$'000<br>(unaudited) |                               |
|-----------------------------|-----------------------------------------------------------------------|---------------------------------|---------------------------------------------------------------------|-------------------------------|
|                             |                                                                       | 2017<br>HK\$'000<br>(unaudited) |                                                                     | 2017<br>HK\$'000<br>(audited) |
| Interest on bank borrowings | 234                                                                   | 226                             | 432                                                                 | 380                           |

## 7. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax has been arrived at after charging:

|                                                                                            | Three months ended<br>30 September<br>2018<br>HK\$'000<br>(unaudited) |                                 | Six months ended<br>30 September<br>2018<br>HK\$'000<br>(unaudited) |                               |
|--------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|---------------------------------|---------------------------------------------------------------------|-------------------------------|
|                                                                                            |                                                                       | 2017<br>HK\$'000<br>(unaudited) |                                                                     | 2017<br>HK\$'000<br>(audited) |
| Cost of inventories sold                                                                   | 21,699                                                                | 21,417                          | 43,770                                                              | 42,062                        |
| Depreciation of property,<br>plant and equipment                                           | 1,307                                                                 | 1,436                           | 2,746                                                               | 2,845                         |
| Employee benefit expenses<br>(including Directors'<br>remuneration):                       |                                                                       |                                 |                                                                     |                               |
| — Salaries and other allowances                                                            | 17,395                                                                | 16,207                          | 35,365                                                              | 31,986                        |
| — Staff benefits                                                                           | 530                                                                   | 671                             | 1,104                                                               | 953                           |
| — Retirement benefit scheme<br>contributions                                               | 817                                                                   | 803                             | 1,674                                                               | 1,589                         |
|                                                                                            | 18,742                                                                | 17,681                          | 38,143                                                              | 34,528                        |
| Loss on disposal and write-off of<br>property, plant and equipment                         | 9                                                                     | —                               | 9                                                                   | 52                            |
| Lease payments under operating<br>leases in respect of restaurants<br>and office premises: |                                                                       |                                 |                                                                     |                               |
| — minimum lease payments                                                                   | 9,575                                                                 | 9,663                           | 19,061                                                              | 19,294                        |
| — contingent rents                                                                         | 1,343                                                                 | 1,357                           | 2,772                                                               | 2,490                         |
|                                                                                            | 10,918                                                                | 11,020                          | 21,833                                                              | 21,784                        |
| Listing expenses                                                                           | —                                                                     | —                               | 7,293                                                               | —                             |

## 8. INCOME TAX EXPENSES

|                         | Three months ended<br>30 September<br>2018<br>HK\$'000<br>(unaudited) |                                 | Six months ended<br>30 September<br>2018<br>HK\$'000<br>(unaudited) |                               |
|-------------------------|-----------------------------------------------------------------------|---------------------------------|---------------------------------------------------------------------|-------------------------------|
|                         |                                                                       | 2017<br>HK\$'000<br>(unaudited) |                                                                     | 2017<br>HK\$'000<br>(audited) |
| Current tax:            |                                                                       |                                 |                                                                     |                               |
| — Hong Kong Profits Tax | 690                                                                   | 1,143                           | 871                                                                 | 1,656                         |

Hong Kong Profits Tax is calculated at 8.25% on estimated assessable profits up to HK\$2 million and 16.5% on any part of the estimated assessable profits over HK\$2 million for the three months and six months ended 30 September 2018.

For the three months and six months ended 30 September 2017, Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profits.

## 9. EARNINGS/(LOSS) PER SHARE

|                                                                                                                 | Three months ended<br>30 September<br>2018 |                                 | Six months ended<br>30 September<br>2018 |                               |
|-----------------------------------------------------------------------------------------------------------------|--------------------------------------------|---------------------------------|------------------------------------------|-------------------------------|
|                                                                                                                 | HK\$'000<br>(unaudited)                    | 2017<br>HK\$'000<br>(unaudited) | HK\$'000<br>(unaudited)                  | 2017<br>HK\$'000<br>(audited) |
| Earnings/(loss) per share                                                                                       |                                            |                                 |                                          |                               |
| — Earnings/(loss) for the purpose of basic<br>and diluted earnings/(loss) per share                             | <b>3,663</b>                               | 5,735                           | <b>(1,740)</b>                           | 8,331                         |
|                                                                                                                 | <b>'000<br/>(unaudited)</b>                | '000<br>(unaudited)             | <b>'000<br/>(unaudited)</b>              | '000<br>(audited)             |
| Number of Shares                                                                                                |                                            |                                 |                                          |                               |
| Weighted average number of ordinary shares<br>for the purpose of basic and diluted<br>earnings/(loss) per share | <b>1,000,000</b>                           | 750,000                         | <b>979,508</b>                           | 750,000                       |

The calculation of basic earnings/(loss) per share for the three months and six months ended 30 September 2018 and 2017 is based on the profit/(loss) attributable to owners of the Company for the three months and six months ended 30 September 2018 and 2017.

The number of ordinary Shares for the purpose of calculating basic and diluted earnings/(loss) per share for the three months and six months ended 30 September 2017 has been determined on the assumption that 750,000,000 ordinary Shares were in issue, comprising 100 ordinary Shares in issue as at the date of the Prospectus and 749,999,900 ordinary Shares issued pursuant to the Capitalisation Issue, as if the Shares were outstanding throughout the entire period.

No adjustment has been made to the basic earnings/(loss) per share presented for the three months and six months ended 30 September 2018 and 2017 in respect of the dilution as the Company did not have any potential dilutive ordinary shares in issue during the periods.

## 10. DIVIDEND

No dividend has been paid or proposed by the Company since its date of incorporation. The Board has resolved not to declare the payment of a dividend for the six months ended 30 September 2018.

## 11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2018, the Group acquired property, plant and equipment of approximately HK\$130,000 (2017: HK\$1,103,000).

## 12. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly by cash and credit card settlement. The settlement terms of credit card companies are usually 7 days after the service rendered date. Generally, there is no credit period granted to customers, except for certain well-established corporate customers for which credit period of up to 90 days is granted by the Group. The Group seeks to maintain strict control over its outstanding receivables to minimise the credit risk. The Group does not hold any collateral or other credit enhancement over its trade receivables balances. Trade receivables are interest-free.

The following is an aging analysis of trade receivables, presented based on the invoice dates, which approximates the respective revenue recognition dates:

|              | <b>As at<br/>30 September<br/>2018<br/>HK\$'000<br/>(unaudited)</b> | <b>As at<br/>31 March<br/>2018<br/>HK\$'000<br/>(audited)</b> |
|--------------|---------------------------------------------------------------------|---------------------------------------------------------------|
| 0 – 30 days  | <b>2,570</b>                                                        | 2,608                                                         |
| 31 – 60 days | <b>216</b>                                                          | 29                                                            |
| 61 – 90 days | <b>2</b>                                                            | 41                                                            |
| Over 90 days | <b>17</b>                                                           | 2                                                             |
|              | <b>2,805</b>                                                        | 2,680                                                         |

## 13. TRADE PAYABLES

The following is an aging analysis of trade payables, based on the invoice dates:

|              | <b>As at<br/>30 September<br/>2018<br/>HK\$'000<br/>(unaudited)</b> | <b>As at<br/>31 March<br/>2018<br/>HK\$'000<br/>(audited)</b> |
|--------------|---------------------------------------------------------------------|---------------------------------------------------------------|
| 0 – 30 days  | <b>6,629</b>                                                        | 7,704                                                         |
| 31 – 60 days | <b>7,645</b>                                                        | 9,317                                                         |
| 61 – 90 days | <b>3,327</b>                                                        | 539                                                           |
|              | <b>17,601</b>                                                       | 17,560                                                        |

The average credit period granted by suppliers is normally within 90 days.

As at 30 September 2018, amount of HK\$9,337,000 (31 March 2018: HK\$9,511,000) included in trade payable was due to Elite Fresh Food Company Limited ("**Elite**"), a company controlled by Mr. Joseph Kwong and Ms. Melanie Kwong, who are the controlling shareholders of the Company (the "**Controlling Shareholders**") and Ms. Ingrid Ip, who is a close family member of Mr. Kwong and Ms. Kwong and one of the Controlling Shareholders.

## 14. BANK BORROWINGS

|                                                                                                                                       | <b>As at<br/>30 September<br/>2018<br/>HK\$'000<br/>(unaudited)</b> | As at<br>31 March<br>2018<br>HK\$'000<br>(audited) |
|---------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|----------------------------------------------------|
| Secured bank borrowings                                                                                                               | <b>19,502</b>                                                       | 16,387                                             |
| Unsecured bank borrowings                                                                                                             | <b>–</b>                                                            | 2,239                                              |
|                                                                                                                                       | <b>19,502</b>                                                       | 18,626                                             |
|                                                                                                                                       |                                                                     |                                                    |
|                                                                                                                                       | <b>As at<br/>30 September<br/>2018<br/>HK\$'000<br/>(unaudited)</b> | As at<br>31 March<br>2018<br>HK\$'000<br>(audited) |
| Carrying amount (shown under current liabilities)<br>that contain a repayment on demand clause<br>based on scheduled repayment terms: |                                                                     |                                                    |
| — Within one year                                                                                                                     | <b>5,298</b>                                                        | 4,679                                              |
| — More than 1 year but less than 5 years                                                                                              | <b>10,906</b>                                                       | 9,966                                              |
| — Over 5 years                                                                                                                        | <b>3,298</b>                                                        | 3,981                                              |
|                                                                                                                                       | <b>19,502</b>                                                       | 18,626                                             |

As at 31 March 2018 and 30 September 2018, the bank borrowings were interest bearing at Hong Kong Dollar Prime Rate over a spread or minus a spread as appropriate. The interest rate on the Group's bank borrowings ranged from 4.25% to 5.54% per annum.

As at 31 March 2018, secured bank borrowings were secured by pledged bank deposits and corporate guarantee provided by the Company.

## 15. SHARE CAPITAL

| Number of shares |           | Amount       |           |
|------------------|-----------|--------------|-----------|
| As at            | As at     | As at        | As at     |
| 30 September     | 31 March  | 30 September | 31 March  |
| 2018             | 2018      | 2018         | 2018      |
| '000             | '000      | HK\$'000     | HK\$'000  |
| (unaudited)      | (audited) | (unaudited)  | (audited) |

Ordinary shares of HK\$0.01 each

### Authorised:

|                                                |           |           |        |        |
|------------------------------------------------|-----------|-----------|--------|--------|
| At the beginning of the reporting period       | 1,500,000 | –         | 15,000 | –      |
| As at the date of incorporation (note a)       | –         | 38,000    | –      | 380    |
| Increased in authorised share capital (note b) | –         | 1,462,000 | –      | 14,620 |
| At the end of the reporting period             | 1,500,000 | 1,500,000 | 15,000 | 15,000 |

| Number of shares |           | Amount       |           |
|------------------|-----------|--------------|-----------|
| As at            | As at     | As at        | As at     |
| 30 September     | 31 March  | 30 September | 31 March  |
| 2018             | 2018      | 2018         | 2018      |
| (unaudited)      | (audited) | HK\$'000     | HK\$'000  |
| (unaudited)      | (audited) | (unaudited)  | (audited) |

### Issued and fully paid:

|                                                              |               |     |        |   |
|--------------------------------------------------------------|---------------|-----|--------|---|
| At the beginning of the reporting period                     | 100           | –   | –      | – |
| Issue of share as at date of incorporation (note a and c)    | –             | 1   | –      | – |
| Issue of shares upon Reorganisation (note c)                 | –             | 99  | –      | – |
| Issuance of shares pursuant to Capitalisation Issue (note d) | 749,999,900   | –   | 7,500  | – |
| Issuance of new shares pursuant to Share Offer (note e)      | 250,000,000   | –   | 2,500  | – |
| At the end of the reporting period                           | 1,000,000,000 | 100 | 10,000 | – |

### Notes:

- Upon incorporation of the Company on 8 November 2017, the authorised share capital of the Company at the date of its incorporation was HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each with one Share allotted and issued as nil paid.
- On 23 March 2018, the shareholder of the Company resolved to increase the authorised share capital of the Company from HK\$380,000 to HK\$15,000,000 by the creation of an additional of 1,462,000,000 Shares, each ranking pari passu with the Shares then in issue in all respects.
- On 23 March 2018, the Company as purchaser and Future More as a vendor entered into a sale and purchase agreement pursuant to which Future More transferred the entire issued share capital of MS Restaurant Group Limited to the Company, in consideration of (i) allotting and issuing 99 Shares to Future More, credited as fully paid at par and (ii) crediting as fully paid the one nil-paid Share held by Future More.

- (d) Pursuant to the written resolutions passed on 23 March 2018, the Directors were authorised to capitalise the amount of HK\$7,499,999 from the amount standing to the credit of the share premium account of the Company and to appropriate such amount as to pay up in full at par 749,999,900 ordinary shares of the Company for allotment and issue to the persons whose names appeared on the register of members of the Company in proportion to their respective shareholdings in the Company. The capitalisation issue was completed on 13 April 2018.
- (e) On 16 April 2018, the Company issued and allotted 250,000,000 ordinary shares of HK\$0.01 each at a price of HK\$0.27 per share by way of placing for a total gross process of HK\$67,500,000. The net proceeds of approximately HK\$39,600,000 were proposed to be used to finance the implementation plan as set forth in the section headed "Future Plan and Use of Proceeds" in the Prospectus.

## 16. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these unaudited condensed consolidated financial statements, the Group carried out the following material transactions with its related parties:

|                                                                     | <b>For the six months ended</b> |           |
|---------------------------------------------------------------------|---------------------------------|-----------|
|                                                                     | <b>30 September</b>             |           |
|                                                                     | <b>2018</b>                     | 2017      |
|                                                                     | <b>HK\$'000</b>                 | HK\$'000  |
|                                                                     | <b>(unaudited)</b>              | (audited) |
| Purchase of food paid/payable to<br>a related company (Note)        | <b>19,835</b>                   | 19,461    |
| Consultancy service income received from<br>a related company       | <b>45</b>                       | –         |
| Management fee income received/receivable<br>from a related company | <b>–</b>                        | 30        |
| Management and consultancy fee paid/payable to<br>a related company | <b>–</b>                        | 233       |

Note:

On 23 March 2018, the Group had entered into a master supply agreement (the "**Master Supply Agreement**") with Elite whereby the Group will purchase and Elite will supply chilled and frozen meat and seafood and other food ingredients to the Group for a restaurant operation. The term of the Master Supply Agreement commenced on the Listing Date until 31 March 2020. The purchase price will be determined by reference to the prevailing comparable market price. The transactions under the Master Supply Agreement constituted continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

## 17. EVENTS AFTER THE REPORTING PERIOD

Pursuant to the announcement of the Company dated 26 October 2018, the Group decided not to renew the lease of the premises of our restaurant operated under the brand "Sky Bar" located at Lee Theatre Plaza in Causeway Bay, Hong Kong (the "**Restaurant**") upon its expiry on 14 November 2018. The Restaurant ceased operation in early November 2018 for reinstatement of the premises and will be returned to the landlord on 14 November 2018.

## 18. APPROVAL OF UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited condensed consolidated financial statements were approved and authorised for issue by the Board on 13 November 2018.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

During the six months ended 30 September 2018, the Group continued to engage in the provision of casual dining in Hong Kong. In April 2018, the premises of our restaurant in Shatin ("**MS(ST)**") was returned to the landlord upon the expiry of the lease. As disclosed in our announcement dated 26 October 2018, the lease of the premises of our restaurant operated under the brand "Sky Bar" located at Lee Theatre Plaza in Causeway Bay (the "**Restaurant**") will expire on 14 November 2018. After due consideration and review of recent business performance of the Restaurant, the Group decided not to renew the lease of the premises upon its expiry. The Restaurant ceased operation in early November 2018 for reinstatement of the premises and will be returned to the landlord on 14 November 2018.

After the closure of the Restaurant, the Group will continue to own and operate 11 restaurants serving various cuisines, including five restaurants serving various western cuisine along with our signature steak under our "Mr. Steak" brand, one buffet restaurant serving international cuisine under our "Mr. Steak — Buffet à la minute" brand, two restaurants under our "Sky Bar" brand offering western cuisine along with our signature seafood dishes and a wide selection of wines and cocktails, two western specialty restaurants under our "Bistro Bloom" and "Bistro Bloom/Marbling" brands serving modern and trendy western food along with specialty meat cuts, and one Japanese specialty restaurant under our "Hana" brand serving "Nabemono" — Japanese hot pot dishes such as Sukiyaki, Shabu Shabu and Seiomushi.

The Group will continue to look for suitable opportunities to expand our restaurant network in strategic locations in Hong Kong.

The issued Shares were successfully listed on GEM on 16 April 2018. Net proceeds of approximately HK\$39.6 million were raised and our Group will carry out our business objectives, strategies and implementation plans with this additional financial resource.

## FINANCIAL REVIEW

### Revenue

Our revenue is mainly derived from restaurant operations. For the six months ended 30 September 2018, our revenue achieved approximately HK\$133.4 million, representing an increase of approximately HK\$5.2 million, or 4.1%, from approximately HK\$128.2 million for the six months ended 30 September 2017. The increase in revenue was mainly due to the combined effect of (a) the closure of MS(ST) since April 2018; and (b) the contributions by our restaurant at East Point City in Tseung Kwan O ("**MS(EP)**") which commenced operation in January 2018.

### Cost of inventories sold

Cost of inventories sold is a major component of our operating expenses and comprises mainly cost of food ingredients and beverages. For the six months ended 30 September 2018, our cost of inventories sold amounted to approximately HK\$43.8 million, representing an increase of approximately HK\$1.7 million, or 4.0%, from approximately HK\$42.1 million for the six months ended 30 September 2017. The increase in cost of inventories sold was mainly due to the combined effect of (a) reduced consumption resulting from the closure of MS(ST) in April 2018; (b) additional consumption under the commercial operation of MS(EP) since January 2018; and (c) increased in average food cost of our restaurants due to inflation during the six months ended 30 September 2018.

### Gross profit and gross profit margin

Our gross profit for the six months ended 30 September 2018 amounted to approximately HK\$89.6 million, representing an increase of approximately HK\$3.5 million, or 4.1%, from approximately HK\$86.1 million for the six months ended 30 September 2017. The increase in gross profit was mainly due to the factors as discussed above. The overall gross profit margin maintained at approximately 67.2% for the six months ended 30 September 2017 and 2018.

### Other revenue and other income

Other revenue and other income primarily consist of tips income, sponsorship income and sundry income. Our other revenue was stable and maintained at approximately HK\$0.5 million for the six months ended 30 September 2017 and 2018.

### **Staff costs**

Staff costs comprise salaries and benefits, including wages, salaries, bonuses, staff benefits, retirement benefit scheme contributions for all employees and Directors' remunerations. Our staff costs increased by approximately HK\$3.6 million, or 10.43%, from approximately HK\$34.5 million for the six months ended 30 September 2017 to approximately HK\$38.1 million for the six months ended 30 September 2018. The increase in staff costs was mainly due to the increased headcount arising from the commencement of operation of MS(EP) in January 2018 despite the closure of MS(ST) in April 2018 and the payment of additional Directors' remunerations resulting from an increase in the number of Directors after our Listing. For the six months ended 30 September 2017 and 2018, our staff costs represented approximately 26.9% and 28.6% of our revenue, respectively.

### **Depreciation of property, plant and equipment**

Depreciation of property, plant and equipment represents depreciation charges for our property, plant and equipment, which comprise leasehold improvement, furniture and fixtures, as well as catering and other equipment. The depreciation of our property, plant and equipment maintained at approximately HK\$2.8 million and HK\$2.7 million for the six months ended 30 September 2017 and 2018, respectively. As a percentage of revenue, our depreciation of property, plant and equipment represented approximately 2.2% and 2.0% for the corresponding periods, respectively.

### **Rentals and related expenses**

Rentals and related expenses primarily represent the rental payments under operating leases, government rates and property management fee paid for our restaurants and office premises. Our rental and related expenses increased by approximately HK\$0.7 million, or 2.6%, from approximately HK\$27.2 million for the six months ended 30 September 2017 to approximately HK\$27.9 million for the six months ended 30 September 2018. The increase in rental and related expenses was mainly due to the lease of restaurant floor areas by MS(EP) which commenced operation in January 2018. For the six months ended 30 September 2017 and 2018, our rentals and related expenses represented approximately 21.2% and 20.9% of our revenue, respectively.

### **Fuel and utility expenses**

Fuel and utility expenses primarily consist of expenses incurred for electricity, gas and water utilities. Our fuel and utility expenses increased by approximately HK\$0.1 million, or 3.8%, from approximately HK\$2.6 million for the six months ended 30 September 2017 to approximately HK\$2.7 million for the six months ended 30 September 2018. For the six months ended 30 September 2017 and 2018, our fuel and utility expenses represented approximately 2.0% and 2.1% of our revenue, respectively.

**Administrative expenses**

Administrative expenses mainly include credit card handling charges, advertising and marketing expenses for our brands, cleaning expenses for both our restaurants and office premises, consumables for our restaurant operations, legal and professional fees and insurance. Our administrative expenses increased by approximately HK\$2.7 million, or 29.7%, from approximately HK\$9.1 million for the six months ended 30 September 2017 to approximately HK\$11.8 million for the six months ended 30 September 2018. The increase in administrative expenses was mainly due to the increase in auditors' remunerations and professional fees, including company secretarial expenses, legal adviser fee, compliance adviser fee and report printing charges, after the Listing on 16 April 2018 and the reinstatement cost of the restaurant premises at Shatin upon the expiration of its lease in April 2018.

**Finance costs**

Finance costs mainly represent interest on our bank borrowings. Our finance costs remained at a stable level with approximately HK\$0.4 million for the six months ended 30 September 2017 and 2018.

**Income tax expenses**

Our income tax expenses decreased by approximately HK\$0.8 million, or 47.1%, from approximately HK\$1.7 million for the six months ended 30 September 2017 to approximately HK\$0.9 million for the six months ended 30 September 2018.

For the six months ended 30 September 2017, our restaurant operations in Hong Kong are subject to Hong Kong Profits Tax of 16.5% on any part of the estimated assessable arising in Hong Kong and our effective tax rate was approximately 16.6%.

For the six months ended 30 September 2018, our restaurant operations in Hong Kong are subject to Hong Kong Profits Tax of 8.25% on estimated assessable profits up to HK\$2 million and 16.5% on any part of the estimated assessable profits over HK\$2 million arising in Hong Kong. Excluding the IPO listing and related expenses, our profit from operations before taxation for the six months ended 30 September 2018 amounted to approximately HK\$6.4 million and the effective tax rate was approximately 13.6%.

The decrease in effective tax rate for the period was mainly due to a change in the basis of applicable Profits Tax rates by the Inland Revenue Department since the year of assessment 2018/19.

### Loss for the period

We recorded a loss for the period amounting to approximately HK\$1.7 million as a result of the recognition of the IPO listing and related expenses amounting to approximately HK\$7.3 million. Excluding the non-recurring IPO listing and related expenses, our net profit from operation amounted to approximately HK\$5.6 million for the six months ended 30 September 2018, representing a decrease of approximately HK\$2.7 million, or 32.5%, from approximately HK\$8.3 million for the six months ended 30 September 2017 as a result of the combined effects discussed above.

### LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

|               |       | <b>As at</b>                 |                  |
|---------------|-------|------------------------------|------------------|
|               | Notes | <b>30 September<br/>2018</b> | 31 March<br>2018 |
| Current ratio | 1     | <b>1.9</b>                   | 0.6              |
| Quick ratio   | 2     | <b>1.9</b>                   | 0.6              |
| Gearing ratio | 3     | <b>32.9%</b>                 | 469%             |

Notes:

1. Current ratio is calculated based on the total current assets at the end of the period divided by the total current liabilities at the end of the respective period.
2. Quick ratio is calculated based on the total current assets (excluding inventories) at the end of the period divided by the total current liabilities of the respective period.
3. Gearing ratio is calculated based on the total debts at the end of the period divided by the equity attributable to owners of the Company at the end of the respective period. Total debts include payables incurred not in the ordinary course of business.

As at 30 September 2018, the total equity of the Group was approximately HK\$59.2 million (31 March 2018: HK\$4.0 million) which was attributable to owners of the Company. The Group had cash and cash equivalents of approximately HK\$70.4 million as at 30 September 2018 (31 March 2018: HK\$13.8 million).

The Group continues to enjoy a net cash inflow from operations. During the six months ended 30 September 2018, net cash generated from operating activities amounted to approximately HK\$0.6 million (2017: HK\$12.3 million). The decrease in net cash inflow from operating activities was mainly due to the recognition of non-recurring IPO listing and related expenses amounting to approximately HK\$7.3 million during the six months ended 30 September 2018 (2017: Nil).

As at 30 September 2018, our Group had total bank borrowings of approximately HK\$19.5 million (31 March 2018: HK\$18.6 million). The bank borrowings bore interest at the Hong Kong Dollar Prime Rate over or minus a spread as appropriate. Details on bank borrowings of the Group are set out in note 14 to the unaudited condensed consolidated financial statements.

The Group manages its capital to safeguard the Group's ability to continue as a going concern while maximising the return to shareholders through maintaining the equity and debts in a balanced position.

The issued Shares were successfully listed on GEM on 16 April 2018. There has been no change in the capital structure of the Group since the Listing Date and up to the date of this report.

### **CHARGES ON ASSETS**

As at 30 September 2018, the pledged bank deposits of the Group were approximately HK\$2.0 million (31 March 2018: HK\$2.0 million).

### **MATERIAL ACQUISITIONS AND DISPOSALS**

The Group did not have any significant investment, material acquisitions and disposals of subsidiaries, associated companies and joint ventures during the six months ended 30 September 2018.

### **FOREIGN CURRENCY**

During the six months ended 30 September 2018, most of the transactions of the Group were denominated and settled in Hong Kong dollars, the functional and reporting currency of the Group.

The Group does not have a significant foreign exchange exposure and has currently not implemented any foreign currency hedging policy. The management will consider hedging against significant foreign exchange exposure should the need arise.

### **CAPITAL COMMITMENT**

As at 30 September 2018, the Group did not have any material capital commitment (31 March 2018: Nil).

### **CONTINGENT LIABILITIES**

At 30 September 2018, the Group did not have any material contingent liabilities (31 March 2018: Nil).

## DIVIDEND

No dividend has been paid or proposed by the Company since its date of incorporation. The Board has resolved not to declare the payment of a dividend for the six months ended 30 September 2018.

## USE OF NET PROCEEDS FROM THE LISTING

The net proceeds from the issue of a total of 250,000,000 new ordinary shares of the Company at the offering price of HK\$0.27 per share under the share offer as set out in the Prospectus, after deducting underwriting commission and other expenses relating to the Listing, amounted to approximately HK\$39.6 million. The Company intends to apply the net proceeds in the same proportion and in the same manner as shown in the Prospectus. An analysis of the utilisation of the net proceeds during the six months ended 30 September 2018 is set out below:

| Business objective<br>and strategy                                         | Approximately<br>% of net<br>proceeds<br>% | Planned<br>amount<br>HK\$ million | Actual amount<br>utilised as at<br>30 September<br>2018<br>HK\$ million |  | Notes |
|----------------------------------------------------------------------------|--------------------------------------------|-----------------------------------|-------------------------------------------------------------------------|--|-------|
|                                                                            |                                            |                                   |                                                                         |  |       |
| Expanding our restaurant<br>network in strategic locations<br>in Hong Kong | 63.5                                       | 25.1                              | 0.7                                                                     |  | 1     |
| Maintaining steady food quality<br>by setting up a central kitchen         | 14.6                                       | 5.8                               | –                                                                       |  | 1     |
| Enhancing and upgrading our<br>restaurant facilities                       | 13.5                                       | 5.3                               | –                                                                       |  | 2     |
| Strengthening customer<br>relationship and our brand<br>awareness          | 5.7                                        | 2.3                               | 0.2                                                                     |  | 3     |
| General working capital                                                    | 2.7                                        | 1.1                               | –                                                                       |  |       |
|                                                                            | 100                                        | 39.6                              | 0.9                                                                     |  |       |

Notes:

1. The Group is in the progress to identify suitable locations fulfilling our expected scale of operations.
2. Renovation and refurbishment will be carried out upon renewal of leases of our restaurants.
3. The Group is in the progress to solicit appropriate social platforms and marketing agents.

The Directors will continuously evaluate the Group's business objective and will change or modify our business plans in response to the changing market conditions to cope with the business growth of the Group.

All the unutilised balances have been placed as deposits in licensed banks in Hong Kong.

#### **SUBSEQUENT EVENTS AFTER THE SIX MONTHS ENDED 30 SEPTEMBER 2018**

The event that has a significant impact on the Group and occurred since 30 September 2018 and up to the date of this report has been stated in the first paragraph of the section headed "Business Review" above.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### DISCLOSURE OF INTERESTS

**(a) Interests and short positions of Directors and the chief executives in the shares, underlying shares and debentures of the Company and its associated corporations**

As at 30 September 2018, the interests and short positions of the Directors and 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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”), which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any 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 which were required to be 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 the Shares*

| Name of Directors            | Capacity/<br>Nature of interest                                                     | Number of<br>Shares held | Percentage of<br>shareholding<br>(Note 3) |
|------------------------------|-------------------------------------------------------------------------------------|--------------------------|-------------------------------------------|
| Mr. Kwong<br>(Notes 1 and 2) | Interest of a controlled corporation;<br>interests held jointly with another person | 750,000,000              | 75%                                       |
| Ms. Kwong<br>(Notes 1 and 2) | Interest of a controlled corporation;<br>interests held jointly with another person | 750,000,000              | 75%                                       |

Notes:

1. On 23 November 2017, Mr. Kwong, Ms. Ingrid Ip, Ms. Kwong, Mr. Joseph Kwong and Ms. Melanie Kwong entered into a concert party deed (the **"Concert Party Deed"**) to acknowledge and confirm that, among other things, each of them has acted and shall continue to act in concert in respect of each of Meric Investment Limited, Lord Master Limited and the Company. Details of the Concert Party Deed are set out in the section headed "History, Development and Reorganisation — Parties acting in concert" in the Prospectus. As such, pursuant to the parties acting in concert arrangement, each of Mr. Kwong, Ms. Ingrid Ip, Ms. Kwong, Mr. Joseph Kwong and Ms. Melanie Kwong is deemed to be interested in the Shares registered in the name of Future More (i.e. 75% of the issued Shares) by virtue of the SFO. Mr. Kwong is the Chairman, an executive Director and the CEO and Ms. Kwong is an executive Director.
2. As at 30 September 2018, (i) Future More held 750,000,000 Shares and Future More was owned as to 14% by Mr. Kwong, 18% by Ms. Ingrid Ip, 18% by Ms. Kwong, 25% by Mr. Joseph Kwong and 25% by Ms. Melanie Kwong respectively; and (ii) Mr. Kwong was the sole director of Future More.
3. These percentages are calculated on the basis of 1,000,000,000 Shares in issue as at 30 September 2018.

*Long positions in the shares of associated corporation*

| <b>Name of Directors</b> | <b>Name of associated corporation</b> | <b>Capacity/<br/>nature of interest</b> | <b>Number of shares held</b> | <b>Percentage of shareholding</b> |
|--------------------------|---------------------------------------|-----------------------------------------|------------------------------|-----------------------------------|
| Mr. Kwong                | Future More                           | Beneficial owner                        | 14                           | 14%                               |
| Ms. Kwong                | Future More                           | Beneficial owner                        | 18                           | 18%                               |

Save as disclosed above and so far as is known to the Directors, as at 30 September 2018, none of the Directors and 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 under Divisions 7 and 8 of Part XV of the SFO (including interests or 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 to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

**(b) Interests and short positions of substantial shareholders and other persons in the Shares and underlying Shares**

As at 30 September 2018 and so far as is known to the Directors, the following entity(ies) or person(s) (other than the Directors or chief executive of the Company) had interests and short positions in the Shares or underlying Shares, which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or as recorded in the register of the Company required to be kept under Section 336 of the SFO were as follows:

*Long positions in the Shares*

| <b>Name of substantial shareholder</b> | <b>Capacity/<br/>Nature of interests</b> | <b>Number of<br/>Shares held</b> | <b>Percentage of<br/>shareholding</b><br>(Note 3) |
|----------------------------------------|------------------------------------------|----------------------------------|---------------------------------------------------|
| Future More<br>(Notes 1 and 2)         | Beneficial owner                         | 750,000,000                      | 75%                                               |

Notes:

1. Pursuant to the Concert Party Deed, Mr. Kwong, Ms. Ingrid Ip, Ms. Kwong, Mr. Joseph Kwong and Ms. Melanie Kwong have agreed to acknowledge and confirm that, among other things, each of them has acted and will continue to act in concert in respect of each of Meric Investment Limited, Lord Master Limited and the Company. Details of the Concert Party Deed are set out in the section headed "History, Development and Reorganisation — Parties acting in concert" in the Prospectus. As such, pursuant to the parties acting in concert arrangement, each of Mr. Kwong, Ms. Ingrid Ip, Ms. Kwong, Mr. Joseph Kwong and Ms. Melanie Kwong is deemed to be interested in the Shares registered in the name of Future More (i.e. 75% of the issued Shares by virtue of the SFO).
2. Future More is a company incorporated in the BVI. As at 30 September 2018, Future More was owned as to 14% by Mr. Kwong, 18% by Ms. Ingrid Ip, 18% by Ms. Kwong, 25% by Mr. Joseph Kwong and 25% by Ms. Melanie Kwong, respectively.
3. These percentages are calculated on the basis of 1,000,000,000 Shares in issue as at 30 September 2018.

Save as disclosed above, as at 30 September 2018, the Directors were not aware of any interests or short positions owned by any entities or persons (other than the Directors or chief executive of the Company) in the Shares or underlying Shares, which were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company under Section 336 of the SFO.

## SHARE OPTION SCHEME

A share option scheme (the “**Share Option Scheme**”) was conditionally approved by the then Shareholder and adopted by the Company on 23 March 2018. The Share Option Scheme became effective on the Listing Date. For the principal terms of the Share Option Scheme, please refer to “D. Share Option Scheme” in Appendix IV to the Prospectus.

No share options have been granted by the Company under the Share Option Scheme since its adoption and therefore, as at 30 September 2018, there were no outstanding share options and no share options were exercised or cancelled or lapsed during the period from the Listing Date to 30 September 2018 (the “**Period**”).

## COMPETITION AND CONFLICT OF INTERESTS

The Directors are not aware of any business and interest of the Directors nor the controlling shareholders (as defined in the GEM Listing Rules) of the Company or any of their respective close associates (as defined in the GEM Listing Rules) that competed or might compete, directly or indirectly, with the business of the Group and any other conflict of interests which any such person had or might have with the Group during the six months ended 30 September 2018.

## CORPORATE GOVERNANCE PRACTICES

The Board recognises the importance of incorporating elements of good corporate governance in the management structures, internal control and risk management procedures of the Group so as to achieve effective accountability. As the Shares in issue were initially listed on GEM on the Listing Date, the Corporate Governance Code as contained in Appendix 15 to the GEM Listing Rules (the “**CG Code**”) was not applicable to the Company for the period from 1 to 15 April 2018, being the period before the Listing Date. In the opinion of the Board, the Company has adopted and complied with all applicable code provisions as set out in the CG Code during the Period and thereafter up to 13 November 2018, being the date of this report, except for the following code provision A.2.1 of the CG Code.

### Chairman and Chief Executive

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the Period, Mr. Kwong was the Chairman and the CEO. In view of the fact that Mr. Kwong has been operating and managing the Group since 2000, the Board believes that it is in the best interest of the Group to have Mr. Kwong taking up both roles for effective management and business development. Therefore, our Board considers that the deviation from code provision A.2.1 of the CG Code is appropriate in such circumstance.

## INTERESTS OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Alliance Capital Partners Limited ("**ACP**") to be the compliance adviser. As informed by ACP, neither ACP nor any of its directors or employees or associates has or may have any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities), which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules, except for the compliance adviser agreement dated 16 April 2018 and entered into between the Company and ACP.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "**Required Standard of Dealings**") as its own code of conduct governing the securities transactions by the Directors. The Company had made specific enquiries of all the Directors and each of them has confirmed that he/she had complied with the Required Standard of Dealings during the Period.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company did not redeem any of its securities listed and traded on the Stock Exchange, nor did the Company or any of its subsidiaries purchase or sell any of such securities during the Period.

## AUDIT COMMITTEE

The financial information in this report has not been audited by the independent auditors of the Company. Pursuant to Rule 5.28 of the GEM Listing Rules and code provision C.3 of the CG Code, the Company established the audit committee (the "**Audit Committee**") with written terms of reference aligned with the provision of the code provisions set out in the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control and risk management systems of the Group. As at the date of this report, the Audit Committee comprises Mr. Lai Ming Fai Desmond (chairman), Dr. Cheng Lee Lung and Mr. Kwok Yiu Chung, all being the independent non-executive Directors.

The Audit Committee has reviewed the unaudited condensed consolidated results of the Group for the six months ended 30 September 2018 and this report and is of the opinion that the relevant unaudited condensed consolidated financial statements have been prepared in compliance with the applicable accounting standards and the requirements under the GEM Listing Rules, and that adequate disclosures have been made.

By order of the Board

**MS Concept Limited**

**Kwong Tai Wah**

*Chairman and Executive Director*

Hong Kong, 13 November 2018