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MS CONCEPT LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8447)

DISCLOSEABLE TRANSACTION IN RELATION TO THE NEW LEASE ARRANGEMENT OF THE PREMISES IN RESPECT OF AN EXISTING RESTAURANT

THE NEW LEASE ARRANGEMENT OF THE PREMISES IN RESPECT OF AN EXISTING RESTAURANT

The Board announces that the Offer Letter (received on 23 November 2021 and signed by Lord Master on 26 November 2021) was entered into between Lord Master (a wholly-owned subsidiary of the Company) as tenant, and SHK (Independent Third Party) as agent of the Landlord, for the new lease arrangement in respect of the Premises for a term of four years commencing from 20 December 2021 to 19 December 2025 (both days inclusive), with an option to renew for a further two years commencing from 20 December 2025 to 19 December 2027 (both days inclusive).

LISTING RULES IMPLICATIONS

Pursuant to HKFRS 16 *Leases*, the Company if entering into lease transaction as lessee will recognise a right-of-use asset in its consolidated financial statements. Such transaction will be regarded as acquisition of capital asset for the purpose of the GEM Listing Rules.

As one or more than one of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Lease based on the value of the right-of-use asset recognised by the Group is more than 5% but below 25%, the Lease constitutes a discloseable transaction of the Company, and is therefore subject to notification and announcement requirements but exempt from Shareholders' approval requirements pursuant to Chapter 19 of the GEM Listing Rules.

THE NEW LEASE ARRANGEMENT OF THE PREMISES IN RESPECT OF AN EXISTING RESTAURANT

The Board announces that the Offer Letter (received on 23 November 2021 and signed by Lord Master on 26 November 2021) was entered into between Lord Master (a wholly-owned subsidiary of the Company) as tenant, and SHK (Independent Third Party) as agent of the Landlord, for the new lease arrangement in respect of the Premises for a term of four years commencing from 20 December 2021 to 19 December 2025 (both days inclusive), with an option to renew for a further two years commencing from 20 December 2025 to 19 December 2027 (both days inclusive).

Details of the principal terms of the Offer Letter are set out below:

- Parties** : (1) Sun Hung Kai Real Estate (Sales and Leasing) Agency Limited, as agent of the Landlord; and
- (2) Lord Master Limited, a wholly-owned subsidiary of the Company, as the Tenant
- Premises** : Shop No.275, 2/F., East Point City, 8 Chung Wa Road, Tseung Kwan O, Hong Kong
- Term** : 20 December 2021 to 19 December 2025 (both days inclusive), with an option to renew for a further two years commencing from 20 December 2025 to 19 December 2027 (both days inclusive)
- Total amount payable** : The aggregate amount payable under the Lease is approximately HK\$12.2 million (inclusive of management fee, air-conditioning charges and promotion levy) subject to additional turnover rent representing the amount by which 13% of the monthly gross sales turnover exceeds the monthly basic rent of each calendar month in accordance with the Lease, which will be satisfied by internal resources of the Group.

The rent is determined after arm's length negotiations between SHK and Lord Master after taking into consideration the prevailing market price of comparable premises in the vicinity of the Premises.

THE RIGHT-OF-USE ASSET

The value of the right-of-use asset recognised by the Company under the Lease amounted to approximately HK\$8.3 million, which is calculated with reference to the present value of the aggregated lease payments to be made under the Lease in accordance with HKFRS 16 *Leases*.

Since the turnover rent under the Lease can only be reliably estimated according to the gross sales turnover generated from the operation of the Restaurant, such amount constitutes variable lease payments and were not included in the measurement of the lease liability at initial recognition under HKFRS 16 *Leases*. Therefore, no right-of-use asset related to the turnover rent is recognised, and the turnover rent will be charged to the profit or loss of the Group in accordance with HKFRS 16 *Leases*.

REASON FOR AND THE BENEFITS OF ENTERING THE LEASE

The Group is principally engaged in the provision of catering services in Hong Kong.

The Group leased the Premises under the lease agreement for the operation of its restaurant under the brand “Mr. Steak”, which will expire on 20 December 2021. In evaluating the new lease arrangement of the Premises, the Directors consider that (i) the restaurant has been operated in the Premises for more than three years; (ii) the monthly rental per square feet of gross floor area of the Premises is fair and reasonable; and (iii) entering of the Lease will enable the Group to continue its restaurant operation at the Premises.

In view of the recent development strategy to increase the diversity of brands offering by the Group, the Group will operate the restaurant at the Premises under the brand “犇殿” according to the new lease arrangement.

The Directors, including the independent non-executive Directors, considered that the transactions contemplated under the Lease was entered into in the ordinary and usual course of business of the Group, and the Lease was entered into on normal commercial terms after arm’s length negotiations between the parties, and the terms of the transactions contemplated under the Lease were fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

Information on the Group and Lord Master

The Group is principally engaged in the provision of catering services in Hong Kong.

Lord Master is a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of the Company. Lord Master is principally engaged in the business of providing catering services.

Information on SHK

To the best knowledge, information and belief of the Directors having made all reasonable enquiries and the publicly available information, (i) SHK is a wholly-owned subsidiary of SHK Group and is principally engaged in real estate and general agencies; and (ii) each of SHK, SHK Group, the Landlord and the ultimate beneficial owners of SHK, SHK Group and the Landlord are Independent Third Parties.

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As one or more than one of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Lease is more than 5% but below 25%, the Lease constitutes a discloseable transaction for the Company, and is therefore subject to the notification and announcement requirements but exempt from Shareholders' approval requirements pursuant to Chapter 19 of the GEM Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“Board”	the Board of Directors of the Company
“Director(s)”	director(s) of the Company
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	Rules governing the Listing of Securities on GEM, as amended, modified, and supplemented from time to time
“Group”	the Company and its subsidiaries
“HKFRS(s)”	Hong Kong Financial Reporting Standard(s) issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, is/are not connected persons of the Company and is/are third party(ies) independent of the Company and its connected person(s) in accordance with the GEM Listing Rules
“Landlord”	Chun Wing Investment Company, Limited, Donora Company Limited, Grumete Company Limited, Rainforce Limited, Kam Hoi Development Company Limited, Zindemar Investments Corp.

“Lord Master”	Lord Master Limited (爵士有限公司), a limited liability company incorporated in Hong Kong on 6 December 2002 and being a wholly-owned subsidiary of the Company
“Lease”	the lease of the Premises for the operation of the restaurant by the signing of the Offer Letter
“Offer Letter”	an offer letter (received on 23 November 2021 and signed by Lord Master on 26 November 2021) entered into between Lord Master and SHK in respect of the Premises
“Premises”	Shop No.275, 2/F., East Point City, 8 Chung Wa Road, Tseung Kwan O, Hong Kong
“Shares”	ordinary share(s) with a nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“SHK”	Sun Hung Kai Real Estate (Sales and Leasing) Agency Limited, a company which was incorporated in Hong Kong with limited liability on 30 March 2017 and is a wholly-owned subsidiary of SHK Group
“SHK Group”	Sun Hung Kai Properties Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 16)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$” or cents	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“%”	per cent

By Order of the Board
MS Concept Limited
Kwong Tai Wah
Chairman and Executive Director

Hong Kong, 26 November 2021

As at the date of this announcement, the Directors of the Company are:

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

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 GEM website (www.hkgem.com) for at least seven days from the date of its publication. This announcement will also be published on the website of the Company (www.mrsteak.com.hk).

In the case of inconsistency, the English text of this announcement shall prevail over the Chinese text.