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MS CONCEPT LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8447)

DISCLOSEABLE TRANSACTION IN RELATION TO THE LEASE RENEWAL OF THE PREMISES IN RESPECT OF EXISTING RESTAURANTS

THE LEASE RENEWAL OF THE PREMISES IN RESPECT OF EXISTING RESTAURANTS

The Board announces that Memorandum 1 and Memorandum 2 were executed and returned to the Landlords (Independent Third Parties) by Lord Master (a wholly-owned subsidiary of the Company) as tenant, respectively, for the lease renewal of Premises 1 and Premises 2 in respect of existing restaurants for a term of three years and six months commencing from 1 April 2022 to 30 September 2025 (both days inclusive).

LISTING RULES IMPLICATIONS

Pursuant to HKFRS 16 *Leases*, if the Company enters into a lease transaction as lessee, it 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.

Since both Memorandum 1 and Memorandum 2 were entered into by Group with the same landlords, Memorandum 1 and Memorandum 2 would be aggregated as a series of transactions the Company pursuant to Rule 19.22 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 Memorandums based on the value of the right-of-use asset recognised by the Group on an aggregate is more than 5% but below 25%, the signing of the Memorandums 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.

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Details of the principal terms of the Memorandum 1 and Memorandum 2 are set out below:

Memorandum 1

Parties	:	(1) Benington Limited and Renaissance City Development Company Limited, Independent Third Parties, as landlord; and (2) Lord Master Limited, a wholly-owned subsidiary of the Company, as tenant
Premises	:	Shop No.1, Level 13, Langham Place, 8 Argyle Street, Mong Kok, Kowloon
Term	:	1 April 2022 to 30 September 2025 (both days inclusive)
Rent free period	:	31 days since the commencement of fitting out for Premises 1
Total amount payable	:	The aggregate amount payable under Memorandum 1 is approximately HK\$13.9 million (inclusive of management fee, air-conditioning charges and promotion levy) subject to additional turnover rent representing the amount by which 15% of the monthly gross sales turnover exceeds the monthly basic rent of each calendar month in accordance with Memorandum 1, which will be satisfied by internal resources of the Group.

The rent is determined after arm's length negotiations between the Landlords and Lord Master after taking into consideration the prevailing market price of comparable premises in the vicinity of the Premises 1.

Memorandum 2

Parties	:	(1) Benington Limited and Renaissance City Development Company Limited, Independent Third Parties, as landlord; and (2) Lord Master Limited, a wholly-owned subsidiary of the Company, as tenant
Premises	:	Shop No.2, Level 13, Langham Place, 8 Argyle Street, Mong Kok, Kowloon
Term	:	1 April 2022 to 30 September 2025 (both days inclusive)
Rent free period	:	61 days since the commencement of fitting out for Premises 2
Total amount payable	:	The aggregate amount payable under Memorandum 2 is approximately HK\$8.0 million (inclusive of management fee, air-conditioning charges and promotion levy) subject to additional turnover rent representing the amount by which 15% of the monthly gross sales turnover exceeds the monthly basic rent of each calendar month in accordance with Memorandum 2, which will be satisfied by internal resources of the Group.

The rent is determined after arm's length negotiations between the Landlords and Lord Master after taking into consideration the prevailing market price of comparable premises in the vicinity of the Premises 2.

THE RIGHT-OF-USE ASSET

The values of the right-of-use asset recognised by the Company under Memorandum 1 and Memorandum 2 amounted to approximately HK\$8.8 million and HK\$5.5 million respectively, which are calculated with reference to the present value of the aggregated lease payments to be made under Memorandum 1 and Memorandum 2 in accordance with HKFRS 16 *Leases*, respectively.

Since the turnover rent under the Memorandum 1 and Memorandum 2 can only be reliably estimated according to the gross sales turnover generated from the operation of our relevant restaurants, 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 INTO THE MEMORANDUMS

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

The Group leased Premises 1 under the lease agreement for the operation of its restaurant under the brand “Sky Bar” which will expire on 31 March 2022. In evaluating the renewal of lease for Premises 1, the Directors consider that (i) the restaurant has been operated in Premises 1 for over 13 years; (ii) the monthly rental per square feet of gross floor area of Premises 1 is fair and reasonable; and (iii) entering of Memorandum 1 will enable the Group to continue its restaurant operation at Premises 1.

The Group leased Premises 2 under the lease agreement for the operation of its restaurant under the brand “Bistro Bloom” which will expire on 31 March 2022. In evaluating the renewal of lease for Premises 2, the Directors consider that (i) the restaurant has been operated in Premises 2 for over 17 years; (ii) the monthly rental per square feet of gross floor area of Premises 2 is fair and reasonable; and (iii) entering into Memorandum 2 will enable the Group to continue its restaurant operation at Premises 2.

The Directors, including the independent non-executive Directors, considered that the transactions contemplated under the Memorandums were entered into in the ordinary and usual course of business of the Group, and the Memorandums were entered into on normal commercial terms after arm’s length negotiations between the parties, and the terms of the transactions contemplated under the Memorandums 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 the Landlords

To the best knowledge, information and belief of the Directors having made all reasonable enquiries and the publicly available information, (i) the Landlords are subsidiaries owned by Great Eagle Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 41) and are principally engaged in property investment; and (ii) each of the Landlords, Great Eagle Holdings Limited and their ultimate beneficial owners are Independent Third Parties.

LISTING RULES IMPLICATION

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.

Since both Memorandum 1 and Memorandum 2 were entered into by Group with the same landlords, the transactions contemplated under Memorandum 1 and Memorandum 2 would be aggregated as a series of transactions of the Company pursuant to Rule 19.22 of the Listing Rules. As one or more than one of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the transactions contemplated under the Memorandums is more than 5% but below 25%, transactions contemplated under the Memorandums constitute 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

“Landlords”	Benington Limited and Renaissance City Development Company Limited, being subsidiaries owned by Great Eagle Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 41)
“Lord Master”	Lord Master Limited (爵士有限公司), a limited liability company incorporated in Hong Kong on 6 December 2002 and a wholly-owned subsidiary of the Company
“Memorandum 1”	A memorandum of lease signed back by Lord Master in relation to lease renewal of Premises 1
“Memorandum 2”	A memorandum of lease signed back by Lord Master in relation to lease renewal of Premises 2
“Memorandums”	Memorandum 1 and Memorandum 2
“Premises 1”	Shop No.1, Level 13, Langham Place, 8 Argyle Street, Mong Kok, Kowloon
“Premises 2”	Shop No.2, Level 13, Langham Place, 8 Argyle Street, Mong Kok, Kowloon
“Premises”	Premises 1 and Premises 2
“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)
“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, 14 December 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.mrstek.com.hk).

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