



FIRST
QUARTERLY
REPORT



MS CONCEPT LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8447

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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.*

CONTENTS

	Page
Corporate Information	3
Financial Highlights	5
First Quarterly Results	6
Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	6
Unaudited Condensed Consolidated Statement of Changes in Equity	7
Notes to the Unaudited Condensed Consolidated Financial Statements	8
Management Discussion and Analysis	11
Corporate Governance and Other Information	17

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

Executive Committee

Mr. Kwong Tai Wah *(Chairman)*

Ms. Kwong Man Yui

Mr. Lam On Fai

COMPANY SECRETARY

Mr. Poon Tsz Hang

COMPLIANCE OFFICER

Ms. Kwong Man Yui

AUTHORISED REPRESENTATIVES

Mr. Kwong Tai Wah

Mr. Poon Tsz Hang

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 1409-10, 14/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
17/F., Far East Finance Centre
16 Harcourt Road
Hong Kong

COMPANY WEBSITE

www.mrsteak.com.hk

GEM STOCK CODE

8447

FINANCIAL HIGHLIGHTS

For the three months ended 30 June 2022:

- our revenue was approximately HK\$54.6 million, representing a decrease of approximately HK\$1.6 million, or 2.8%, from approximately HK\$56.2 million for the three months ended 30 June 2021.
- we recorded a net profit of approximately HK\$4.1 million, representing an increase of approximately HK\$3.4 million from the net profit of approximately HK\$0.7 million for the three months ended 30 June 2021.
- the board of Directors (the “**Board**”) has resolved not to declare the payment of a dividend.

FIRST QUARTERLY RESULTS

The Board announces the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months ended 30 June 2022, together with the comparative unaudited figures for the three months ended 30 June 2021 and certain comparative audited figures as at 31 March 2022. The financial information is presented as follows:

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

For the three months ended 30 June 2022

		Three months ended	
		30 June	
	Notes	2022	2021
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	4	54,602	56,166
Cost of inventories sold		(20,059)	(19,835)
Gross profit		34,543	36,331
Other revenue and other income		1,712	390
Staff costs		(12,209)	(15,998)
Depreciation		(9,272)	(9,914)
Rentals and related expenses		(3,743)	(3,139)
Fuel and utility expenses		(1,276)	(1,172)
Administrative expenses		(4,699)	(4,999)
Finance costs		(1,003)	(803)
Profit before tax	5	4,053	696
Income tax expenses	6	–	–
Profit and total comprehensive income for the period		4,053	696
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		4,053	696
Earnings per share			
Basic and diluted (HK cents)	7	0.41	0.07

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2022

	Share capital HK\$'000	Share premium HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 April 2022 (audited)	10,000	31,939	804	42,473
Profit and total comprehensive income for the period	-	-	4,053	4,053
At 30 June 2022 (unaudited)	10,000	31,939	4,857	46,526
At 1 April 2021 (audited)	10,000	31,939	5,699	47,638
Profit and total comprehensive income for the period	-	-	696	696
At 30 June 2021 (unaudited)	10,000	31,939	6,395	48,334

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 (the “**Shares**”) have been listed and traded on GEM by way of Share Offer as stated in the prospectus of the Company dated 29 March 2018 (the “**Prospectus**”) (the “**Listing**”) since 16 April 2018 (the “**Listing Date**”). 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 1409-10, 14/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 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 the vice chairlady of the Board and 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.

The unaudited condensed consolidated financial statements of the Group for the three months ended 30 June 2022 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 three months ended 30 June 2022 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 three months ended 30 June 2022 do not include all the information and disclosures required in the annual financial statements and thereby should be read in conjunction with the audited annual consolidated financial statements of the Group for the year ended 31 March 2022 (the “**2022 Financial Statements**”) included in the annual report of the Company dated 24 June 2022 (the “**2022 Annual Report**”). The accounting policies adopted are consistent with those applied in the 2022 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.

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 restaurant operations, net of discounts. An analysis of revenue is as follows:

	Three months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Restaurant operations	54,602	56,166

5. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	Three months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Cost of inventories sold	20,059	19,835
Depreciation of property, plant and equipment	866	661
Depreciation of right-of-use assets	8,406	9,253
Variable lease payments	529	6
Employee benefit expenses (including Directors' remuneration):		
– Salaries and other allowances	11,510	15,316
– Staff benefits	37	40
– Retirement benefit scheme contributions	662	642
	12,209	15,998

6. INCOME TAX EXPENSES

	Three months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax:		
– Hong Kong Profits Tax	–	–

The Group is subject to Hong Kong Profits Tax which is calculated by applying the estimated annual effective tax rate of 16.5% (2021: 16.5%) to the three months ended 30 June 2022, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime. For this subsidiary, 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. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2021.

7. EARNINGS PER SHARE

	Three months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Earnings per share		
– Profit attributable to owners of the Company	4,053	696

	2022	2021
	'000	'000
	(unaudited)	(unaudited)
Number of Shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings	1,000,000	1,000,000

The calculation of basic earnings per share for the three months ended 30 June 2021 and 2022 is based on the profit attributable to owners of the Company for the three months ended 30 June 2021 and 2022, respectively.

No adjustment has been made to the basic earnings per share presented for the three months ended 30 June 2021 and 2022 in respect of the dilution as the Company did not have any potential dilutive ordinary shares in issue during the periods.

8. DIVIDEND

The Board has resolved not to declare the payment of a dividend for the three months ended 30 June 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

During the three months ended 30 June 2022 (the **“Period”**), the outbreak of fifth wave of COVID-19 Pandemic continued to affect the business environment in Hong Kong. The catering business was affected by the social distancing measures (the **“Measures”**) launched by the Hong Kong Government, especially the limitation on the maximum number of diners per table and the prohibition on the provision of dine-in services after 6 p.m. by the restaurants, affected the number of customer visits to the Group’s restaurants. The Measures were gradually relaxed since April 2022 following the decrease in number of confirmed cases in Hong Kong and our customer visits were recovering since then.

In April 2022, the Hong Kong Government launched a new round of Consumption Voucher Scheme (the **“CVS”**). Each of eligible residents entitled to a total of HK\$5,000 consumption vouchers under the 2022 (Phase I) CVS, which stimulated the consumption atmosphere. However, the overall number of customer visits of the Group’s restaurants was decreased when compared to corresponding period in last year and the Group recorded a turnover of approximately HK\$54.6 million for the Period, representing a decrease of approximately 2.8% from approximately HK\$56.2 million in corresponding period in last year.

Outlook

In July 2022, our new restaurant located at Maritime Square, Tsing Yi operating under the brand “犇殿” commenced operation which provides an additional stream of income to the Group. Combining the launch of 2022 (Phase II) CVS in August 2022, we foresee that the consumer sentiment in Hong Kong will have a positive impact on our business. In addition to the development of the COVID-19 Pandemic in Hong Kong, our management team will also look at the global interest and inflation rates’ fluctuations in the second half year 2022 which might affect the global economy and also the operating expenses, including but not limited to the food procurement costs, of the catering business.

As at the date of this report, the Group operated 13 restaurants serving various cuisines in Hong Kong, including three restaurants serving various western cuisine along with the signature steak under the “Mr. Steak” brand, one buffet restaurant serving international cuisine under the “Mr. Steak — Buffet à la minute” brand, one restaurant under the “Sky Bar” brand offering western cuisine along with the signature seafood dishes and a wide selection of wines and cocktails, two western specialty restaurants under the “Bistro Bloom” and “Bistro Bloom/Marbling” brands serving modern and trendy western food along with specialty meat cuts, two Japanese specialty restaurants under our “Hana” brand serving “Nabemono” — Japanese hot pot dishes such as Sukiyaki, Shabu Shabu and Seiromushi and four restaurants under the “犇殿” brand serving Taiwanese hotpot.

FINANCIAL REVIEW

Revenue

Our revenue is mainly derived from restaurant operations. The revenue decreased by approximately HK\$1.6 million, or 2.8%, from approximately HK\$56.2 million for the three months ended 30 June 2021 to approximately HK\$54.6 million for the three months ended 30 June 2022 mainly due to the decrease in number of customer visits to the Group’s restaurants under the Measures upon the outbreak of fifth wave of the COVID-19 Pandemic.

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 three months ended 30 June 2022, our cost of inventories sold amounted to approximately HK\$20.1 million, representing an increase of approximately HK\$0.3 million, or 1.5%, from approximately HK\$19.8 million for the three months ended 30 June 2021. The increase in cost of inventories sold was mainly due to the increase in food procurement costs under the rising global inflation.

Gross profit and gross profit margin

Our gross profit for the three months ended 30 June 2022 amounted to approximately HK\$34.5 million, representing a decrease of approximately HK\$1.8 million, or 5.0%, from approximately HK\$36.3 million for the three months ended 30 June 2021. The decrease in gross profit was mainly due to the factors as discussed above.

The overall gross profit margin slightly decreased from approximately 64.6% for the three months ended 30 June 2021 to approximately 63.2% for the three months ended 30 June 2022. The decrease in overall gross profit margin was mainly affected by the increase in food procurement costs under the global rising inflation.

Other revenue and other income

Other revenue and other income primarily consist of government subsidy received, rent concession, sponsorship income and sundry income.

Other revenue and other income increased from at approximately HK\$0.4 million for the three months ended 30 June 2021 to approximately HK\$1.7 million for the three months ended 30 June 2022 was mainly due to the recognition of government subsidies pursuant to the Catering Business Subsidy Scheme under Sixth Round of the Anti-epidemic Fund.

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 decreased by approximately HK\$3.8 million, or 23.8%, from approximately HK\$16.0 million for the three months ended 30 June 2021 to approximately HK\$12.2 million for the three months ended 30 June 2022. The decrease in staff costs was mainly due to the recognition of government subsidies from 2022 Employment Support Scheme under the Anti-epidemic Fund.

Depreciation

Depreciation comprises depreciation for right-of-use assets, leasehold improvement, furniture and fixtures, catering and other equipment. Depreciation decreased by approximately HK\$0.6 million, or 6.1%, from approximately HK\$9.9 million for the three months ended 30 June 2021 to approximately HK\$9.3 million for the three months ended 30 June 2022 was mainly due to the operation of 犇殿 (OC) since August 2021; and offset by the closure of MS(KH) since October 2021 where a lower depreciation of right-of-use assets was recognised.

Rentals and related expenses

Rentals and related expenses primarily represent the turnover rent, low value and short-term lease payments, government rates and property management fee paid for our restaurants and office premises. Our rental and related expense increased from approximately HK\$3.1 million for the three months ended 30 June 2021 to approximately HK\$3.7 million for the three months ended 30 June 2022 was mainly due to the improvement in consumption sentiment after the relaxation of Measures and also stimulated by 2022 (Phase I) CVS launched in April 2022 where turnover rent was recorded in May and June 2022 in certain restaurants of the Group.

Fuel and utility expenses

Fuel and utility expenses primarily consist of expenses incurred for electricity, gas and water utilities. Our fuel and utility expenses were stable and recorded approximately HK\$1.2 million and HK\$1.3 million for the three months ended 30 June 2021 and 2022 respectively.

Administrative expenses

Administrative expenses mainly include credit card handling charges, advertising and promotion 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 decreased by approximately HK\$0.3 million, or 6.0%, from approximately HK\$5.0 million for the three months ended 30 June 2021 to approximately HK\$4.7 million for the three months ended 30 June 2022. The decrease in administrative expenses was mainly due to the decrease in bank charges under the decrease in turnover.

Finance costs

Finance costs mainly represent interest on our bank borrowings and interest on lease liabilities. Our finance costs increased by approximately HK\$0.2 million from approximately HK\$0.8 million for the three months ended 30 June 2021 to approximately HK\$1.0 million for the three months ended 30 June 2022 was mainly due to the increase in finance costs on lease liabilities upon the lease renewal of various premises in last year, offset by the decrease in finance costs under the repayment in principals of bank borrowings.

Income tax expenses

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 for the three months ended 30 June 2021 and 2022.

No income tax was recognised for the three months ended 30 June 2022 was due to the existence of unutilised tax loss brought forward.

Profit for the period

Profit for the three months ended 30 June 2022 was approximately HK\$4.1 million, representing an increase of approximately HK\$3.4 million from approximately HK\$0.7 million for the three months ended 30 June 2021. The decrease in profit for the period was mainly due to the combined factors as discussed above.

CHARGES ON ASSETS

As at 30 June 2022, the pledged bank deposits of the Group were approximately HK\$2.0 million (31 March 2022: HK\$2.0 million).

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any significant investment, material acquisitions and disposals of subsidiaries and associated companies during the three months ended 30 June 2022.

FOREIGN CURRENCY

During the three months ended 30 June 2022, 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 June 2022, the Group did not have any material capital commitment (31 March 2022: Nil).

CONTINGENT LIABILITIES

As at 30 June 2022, the Group did not have any material contingent liabilities (31 March 2022: Nil).

CAPITAL STRUCTURE

The share capital of the Company only comprises of ordinary shares. There has been no change in the capital structure of the Group since the Listing on GEM of the Stock Exchange on the Listing Date.

DIVIDEND

The Board has resolved not to declare the payment of a dividend for the three months ended 30 June 2022 (2021: Nil).

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 June 2022, 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/ Nature of interest	Number of Shares held	Percentage of shareholding (Note 3)
Mr. Kwong (Notes 1 and 2)	Interest of a controlled corporation; interests held jointly with another person	750,000,000	75%
Ms. Kwong (Notes 1 and 2)	Interest of a controlled corporation; interests held jointly with another person	750,000,000	75%
Mr. Kwok Yiu Chung	Personal interest	1,170,000	0.12%

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 June 2022, (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 June 2022.

Long positions in the shares of associated corporation

Name of Directors	Name of associated corporation	Capacity/nature of interest	Number of shares held	Percentage of shareholding
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 June 2022, none of the Directors and chief executives 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 June 2022 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

Name of substantial shareholder	Capacity/ Nature of interests	Number of Shares held	Percentage of shareholding (Note 3)
Future More (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 June 2022, 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 June 2022.

Save as disclosed above, as at 30 June 2022, 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 of the Company 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 June 2022, there were no outstanding share options and no share options were exercised or cancelled or lapsed during the period.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Other than the Share Option Scheme, at no time during the three months ended 30 June 2022 was the Company, any of its holding company, or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S 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 three months ended 30 June 2022.

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 three months ended 30 June 2022.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standard of dealings and the code of conduct concerning securities transactions by the Directors during the three months ended 30 June 2022.

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. 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 10 August 2022, being the date of this report, except for the following code provision C.2.1 of the CG Code under Appendix 15 of the GEM Listing Rule.

Chairman and Chief Executive

Code provision C.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 three months ended 30 June 2022, 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 C.2.1 of the CG Code is appropriate in such circumstance.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within knowledge of the Directors, the Company has maintained the prescribed public float under the GEM Listing Rules as at the date of this report.

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 D.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 three months ended 30 June 2022 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.

SUBSEQUENT EVENTS AFTER THE THREE MONTHS ENDED 30 JUNE 2022

No events that had a significant impact on the Group have occurred since 30 June 2022 and up to the date of this report.

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

Hong Kong, 10 August 2022