
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in MS Concept Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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MS CONCEPT LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8447)

CONTINUING CONNECTED TRANSACTION IN RESPECT OF THE 2022 MASTER SUPPLY AGREEMENT AND NOTICE OF EXTRAORDINARY GENERAL MEETING

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**



Capitalised terms used in the lower portion of this cover page and the inside cover page of this circular shall have the same respective meanings as those defined in the section headed “DEFINITIONS” of this circular.

A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 15 of this circular. A letter of advice from Zero2IPO Capital Limited to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 30 of this circular.

A notice convening the EGM to be held at Training Room 1, Level 3, Core F, Cyberport 3, 100 Cyberport Road, Hong Kong on 1 March 2023 at 11:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular.

A form of proxy for use in connection with the EGM is enclosed with this circular. Such form of proxy is also published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.mrsteak.com.hk). If you are not able or do not intend to attend the EGM in person and wish to exercise your right as a Shareholder, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return the completed form of proxy to the Company’s Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event, not later than 48 hours before (i.e. on Monday, 27 February 2023 at 11:00 a.m.) the time appointed for holding the EGM or its adjournment (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or its adjournment if you so wish. If you attend and vote at the EGM, the instrument appointing your proxy will be deemed to have been revoked.

This circular together with the form of proxy will remain on the “Listed Company Information” page of the website of the Stock Exchange (www.hkexnews.hk) for at least seven days from the date of publication and on the website of the Company (www.mrsteak.com.hk).

3 February 2023

CHARACTERISTICS OF GEM

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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

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PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING

The health of our shareholders, staff and stakeholders is of paramount importance to us. In view of the ongoing Novel Coronavirus (COVID-19) pandemic, the Company will implement the following precautionary measures at the Extraordinary General Meeting to protect attending shareholders, staff and stakeholders from the risk of infection:

- (i) Compulsory body temperature checks will be conducted for every shareholder, proxy or other attendee at each entrance of the meeting venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the meeting venue or be required to leave the meeting venue.
- (ii) The Company requests each attendee to wear a surgical face mask throughout the meeting and inside the meeting venue, and to maintain a safe distance between seats.
- (iii) No refreshment will be served, and there will be no corporate gift.

In addition, the Company reminds all shareholders that physical attendance in person at the meeting is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the meeting as their proxy to vote on the relevant resolution(s) at the meeting instead of attending the meeting in person, by completing and return the proxy form attached to this document.

If any shareholder chooses not to attend the meeting in person but has any question about any resolution or about the Company, or has any matter for communication with the board of directors of the Company, he/she is welcome to send such question or matter in writing to our registered office or to our email at comsec@mrsteak.com.hk. If any shareholder has any question relating to the meeting, please contact Tricor Investor Services Limited, the Company's Hong Kong branch share registrar and transfer office as follows:

Tricor Investor Services Limited
17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
Email: is-enquiries@hk.tricorglobal.com
Tel: (852) 2980 1333
Fax: (852) 2810 8185

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“2019 Circular”	the circular dated 5 December 2019 in relation to the 2019 Master Supply Agreement
“2019 Master Supply Agreement”	the master supply agreement dated 8 November 2019 entered into between MS Restaurant and Elite in relation to the supply of chilled and frozen meat and seafood and other food supplies by Elite to the Group
“2022 Master Supply Agreement”	the master supply agreement dated 21 December 2022 entered into between MS Restaurant and Elite in relation to the supply of chilled and frozen meat and seafood and other food supplies by Elite to the Group
“Announcement”	the announcement of the Company dated 21 December 2022 in relation to the 2022 Master Supply Agreement
“Articles”	the articles and association of the Company
“associates”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the Board of Directors of the Company
“BVI”	the British Virgin Islands
“Company”	MS Concept Limited, a company incorporated in the Cayman Islands, whose issued Shares are listed on GEM of the Stock Exchange
“Concert Party deed”	a concert party deed entered into by Mr. John Kwong, Ms. Ingrid Ip, Ms. Kwong, Mr. Joseph Kwong and Ms. Melanie Kwong on 23 November 2017, details of which are set out in the section headed “History, Development and Reorganisation – Parties acting in concert” of the Prospectus
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules and unless the context requires otherwise, refers to Mr. John Kwong, Ms. Ingrid Ip, Ms. Kwong, Mr. Joseph Kwong, Ms. Melanie Kwong and Future More
“Director(s)”	director(s) of the Company

DEFINITIONS

“EGM”	an extraordinary general meeting of the Company to be convened and held to approve, among others, the 2022 Master Supply Agreement, and proposed annual caps and the transactions to be contemplated thereunder
“Elite”	Elite Fresh Food Company Limited, a company incorporated in Hong Kong on 16 October 1984 with limited liability and owned as to 50%, 25% and 25% by Ms. Ingrid Ip, Mr. Joseph Kwong and Ms. Melanie Kwong, respectively
“Future More”	Future More Company Limited, a company incorporated with limited liability in the BVI on 7 November 2017 and owned as to 14%, 18%, 18%, 25% and 25% by Mr. John Kwong, Ms. Ingrid Ip, Ms. Kwong, Mr. Joseph Kwong and Ms. Melanie Kwong and being a Controlling Shareholder
“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”, “we”, “us”, “our”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent board committee, comprising all of the independent non-executive Directors of the Company, namely Mr. Lai Ming Fai Desmond, Dr. Cheng Lee Lung and Mr. Kwok Yiu Chung, formed to advise the Independent Shareholders in respect of, amongst others, the 2022 Master Supply Agreement and the proposed annual caps
“Independent Financial Adviser” or “Zero2IPO Capital Limited”	Zero2IPO Capital Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of, among other things, the 2022 Master Supply Agreement and the proposed annual caps
“Independent Shareholders”	shareholders of the Company other than Future More and its associates

DEFINITIONS

“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, is/are independent of and not connected with (within the meaning of the GEM Listing Rules) the Company, its subsidiaries or any of their respective associates
“Latest Practicable Date”	31 January 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“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
“Meric Investment”	Meric Investment Limited (明力投資有限公司), a limited liability company incorporated in Hong Kong on 29 March 2000 and a wholly-owned subsidiary of the Company
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Companies
“Mr. John Kwong”	Mr. Kwong Tai Wah, being our chairman of the Board, chief executive officer, one of our executive Directors, one of our Controlling Shareholders, the spouse of Ms. Ingrid Ip, the father of Ms. Kwong, and the brother of Mr. Joseph Kwong and Ms. Melanie Kwong
“Mr. Joseph Kwong”	Mr. Kwong Tai Wing Joseph, being one of our Controlling Shareholders, the brother of Mr. John Kwong and Ms. Melanie Kwong, the uncle of Ms. Kwong, and the brother-in-law of Ms. Ingrid Ip
“Ms. Ingrid Ip”	Ms. Ip Yin King Ingrid, being one of our Controlling Shareholders, the spouse of Mr. John Kwong, the mother of Ms. Kwong Man Yui, and the sister-in-law of Mr. Joseph Kwong and Ms. Melanie Kwong
“Ms. Kwong”	Ms. Kwong Man Yui, being one of our executive Directors, one of our Controlling Shareholders, the daughter of Mr. John Kwong and Ms. Ingrid Ip, and the niece of Mr. Joseph Kwong and Ms. Melanie Kwong
“Ms. Melanie Kwong”	Ms. Kwong Ching Yee Melanie, being one of our Controlling Shareholders, the sister of Mr. John Kwong and Mr. Joseph Kwong, the aunt of Ms. Kwong, and the sister-in-law of Ms. Ingrid Ip

DEFINITIONS

“MS Restaurant”	MS Restaurant Group Limited, a company incorporated with limited liability in the BVI on 7 November 2017 and directly wholly-owned by the Company and being the intermediate holding company of the Group
“Prospectus”	Prospectus dated 29 March 2018 for the listing of the issued Shares of the Company on the GEM of the Stock Exchange
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.01 each in the share capital of the Company
“Shareholders”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	percent

LETTER FROM THE BOARD

MS CONCEPT LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8447)

Executive Directors:

Mr. Kwong Tai Wah

(Chairman and Chief Executive Officer)

Ms. Kwong Man Yui *(Vice Chairlady)*

Mr. Lam On Fai

Registered Office:

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

Independent non-executive Directors:

Mr. Lai Ming Fai Desmond

Dr. Cheng Lee Lung

Mr. Kwok Yiu Chung

*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

3 February 2023

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION IN RESPECT OF THE 2022 MASTER SUPPLY AGREEMENT

Reference is made to the Announcement in relation to the 2022 Master Supply Agreement.

The purpose of this circular is to provide you, among other things, (i) further information in relation to the 2022 Master Supply Agreement; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from Zero2IPO Capital Limited to the Independent Board Committee and the Independent Shareholders in relation to the 2022 Master Supply Agreement; and (iv) notice of the EGM to consider and, if thought fit, to approve the 2022 Master Supply Agreement and its proposed annual caps.

CONTINUING CONNECTED TRANSACTION

Reference is made to the announcement dated 8 November 2019, in relation to, among other things, the continuing connected transaction under the 2019 Master Supply Agreement.

As the 2019 Master Supply Agreement will expire on 31 March 2023, MS Restaurant had, on 21 December 2022 (after trading hours), entered into the 2022 Master Supply Agreement with Elite for the supply of chilled and frozen meat and seafood and other food ingredients to the Group for a term of three years from 1 April 2023 to 31 March 2026.

LETTER FROM THE BOARD

2022 Master Supply Agreement

As disclosed in the Announcement, the salient terms of the 2022 Master Supply Agreement are as follows:

- Date:** 21 December 2022
- Parties:**
- (i) MS Restaurant (as the purchaser); and
 - (ii) Elite (as the supplier)
- Term:** The 2022 Master Supply Agreement will be effective from 1 April 2023 and up to 31 March 2026 (both dates inclusive).
- Nature of the transactions:** MS Restaurant as purchaser and Elite as supplier agree that the Group will purchase and Elite will supply chilled and frozen meat and seafood and other food ingredients, including but not limited to meat and poultry, lobsters, crab, smoked salmon and oyster, to the Group for its restaurant operations.
- Pricing Policy:** The purchase price of each and every purchase shall be separately determined on order-by-order basis which are quoted at fixed unit price by both parties according to the following principles:
- (i) the purchase price shall be determined after arm's length negotiation between the parties and shall be in accordance with normal commercial terms after the comparison with quotations obtained from at least two independent suppliers that provide similar food ingredients;
 - (ii) the purchase price shall not be higher than the prevailing market price after the comparison with quotations obtained from at least two independent suppliers that provide similar food ingredients; and
 - (iii) the purchase price shall not be higher than the price offered by independent third parties.

In determining and ensuring the fairness and reasonableness of the purchase price, the Group will (a) carry out a quarterly review on the purchase price offered by Elite by obtaining quotations from at least two other independent suppliers that provide similar food ingredients for any purchase from Elite; (b) compare the purchase price to be paid to Elite by the Group with these independent suppliers; and (c) ensure the purchase price to be paid to Elite by the Group are not higher than the price offered by the independent suppliers.

LETTER FROM THE BOARD

The Directors are of the view that the internal control measures above are sufficient and can ensure the pricing policy contemplated under the 2022 Master Supply Agreement to be fair and reasonable, the terms offered by Elite to the Group will be conducted on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

Settlement terms:

The parties shall settle the accounts according to the actual verified purchase amount of chilled and frozen meat and seafood and other food ingredients supplied to the Group for its restaurant operations. Elite shall issue monthly statements to the Group by 15th of next month for payment within 60 days upon the confirmation of verified purchase amount of chilled and frozen meat and seafood and other food ingredients supplied.

HISTORICAL FIGURES

The aggregate amounts of food ingredients purchased by the Group from Elite for years ended 31 March 2021 and 2022 and the six months ended 30 September 2022 amounted to approximately HK\$31.0 million, HK\$35.3 million and HK\$21.0 million, respectively.

PROPOSED ANNUAL CAPS

For the year ended 31 March		For the year ended 31 March		For the six months ended 30 September	For the year ending 31 March			
2021	2021	2022	2022	2022	2023	2024	2025	2026
Historical amount	Existing annual cap	Historical amount	Existing annual cap	Historical amount	Existing annual cap	Proposed annual cap	Proposed annual cap	Proposed annual cap
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)				
31,032	41,000	35,251	49,000	21,011	57,000	44,000	53,000	59,000

The Directors estimate that the annual transaction amounts under the 2022 Master Supply Agreement for the three years ending 31 March 2026 will not exceed the annual caps of HK\$44,000,000, HK\$53,000,000 and HK\$59,000,000 respectively.

Total number of restaurants in operation

	For the year ended/ending 31 March					
	2021	2022	2023	2024	2025	2026
	(planned)	(planned)	(planned)	(planned)	(planned)	(planned)
Under 2019 MSA	13	15	17			
Under 2022 MSA				15	17	19

LETTER FROM THE BOARD

Changes in number of restaurants in operation

	For the year ended/ending 31 March					
	2021 <i>(actual)</i>	2022 <i>(actual)</i>	2023 <i>(actual)</i>	2024 <i>(planned)</i>	2025 <i>(planned)</i>	2026 <i>(planned)</i>
At beginning of the year	12	12	12	12	15	17
Newly open during the year	1	1	1	3	2	2
Closed during the year	(1)	(1)	(1)	–	–	–
At end of the year	<u>12</u>	<u>12</u>	<u>12</u>	<u>15</u>	<u>17</u>	<u>19</u>

As disclosed in the 2019 Circular, the existing annual cap for the year ending 31 March 2023 of approximately HK\$57 million was determined after having considered, among others, the business growth of the Group in light of the plan to establish 5 new restaurants during the three years ending 31 March 2023. However, following the outbreak of COVID-19 Pandemic since January 2020, the relevant prevention and control measures imposed by the Hong Kong Government (including but not limited to the limitation in the number of seats, the restrictions on the provision of dine-in services after 6 p.m. and social distancing measures) had significantly reduced the number of customer visiting the Group's restaurants. The revenue of the Group decreased from approximately HK\$225.7 million for the year ended 31 March 2020 to approximately HK\$172.6 million for the year ended 31 March 2021 and approximately HK\$202.8 million for the year ended 31 March 2022, respectively. As a result, the management was cautious in executing the expansion plan disclosed in the 2019 Circular under the outbreak of COVID-19 Pandemic that only 3 new restaurants were established. Since the consumption of food ingredients is directly related to the number of customer visits and the revenue, the decrease in number of restaurants established would decrease the purchase of food ingredients. As a result of the factors discussed above, purchase from Elite was less than expected under the annual caps for the three years ending 31 March 2023.

The annual transaction amounts for the 2022 Master Supply Agreement for the three years ending 31 March 2026 are determined after having considered, among others, (i) the historical transaction amount between the Group and Elite during the two years ended 31 March 2022 and the six months ended 30 September 2022; (ii) the expected increase in demand of the relevant food ingredients based on the increase in the number of restaurants in operation by the Group for the three years ending 31 March 2026 as disclosed in above table; (iii) the estimated business growth of the Group during the three years ending 31 March 2026 according to the latest business plan as disclosed below; (iv) the new restaurants to be opened by the Group before 31 March 2026; and (v) an inflation rate of 3.4% referenced to the Composite Consumer Price Index of food for October 2022, issued by the Census and Statistics Department of the Government of the HKSAR, which is expected to affect the price of food ingredients.

In particular, given that the historical transaction amounts between the Group and Elite during the two years ended 31 March 2022 and the six months ended 30 September 2022 were lower than the existing annual caps for the three years ending 31 March 2023, the Directors consider the said historical transaction amounts to be a more accurate reference than the existing annual caps when projecting the trend of business growth of the Group in determining the proposed annual caps for the three years ending 31 March 2026.

LETTER FROM THE BOARD

According to the latest business plan, the Group intends to establish 7 new restaurants with estimated timeframe as follows:

	For the year ending 31 March		
	2024	2025	2026
First quarter	1	–	–
Second quarter	1	1	1
Third quarter	1	1	1

In determining the estimated timeframe and the number of new restaurants to be opened for the three years ending 31 March 2026, the Group has considered the traditional seasonal impact on the food and catering industry. The food and catering industry is subject to seasonal fluctuations in that it typically records higher customer visits from April to August and December of each calendar year as the customers tend to dine out more frequently in western casual dining restaurants during certain festive holidays (e.g. Easter and Christmas) and summer holiday. Therefore, the Group planned to open 2 restaurants in second quarter and third quarter for each year. Moreover, the lease of the restaurant operating under the brand “Marbling” located in Causeway Bay cannot be renewed upon the expiry in January 2023 after negotiation with the landlord. Therefore, the management is seeking other suitable place as a replacement and the new restaurant is estimated to be established in the first quarter for the year ending 31 March 2024.

The expected inflation rate of 3.4% that affects the price of food ingredients is referenced to the Composite Consumer Price Index of food for October 2022, issued by the Census and Statistics Department of the Government of the HKSAR. The Directors believes the source of expected inflation is accurate and reliable.

As at the Latest Practicable Date, the Group operated twelve 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, one western specialty restaurants under the “Bistro Bloom” brand 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 Seiomushi and four restaurants under the “犇殿” brand serving Taiwanese hotpot.

CONDITIONS

The 2022 Master Supply Agreement is conditional upon the approval by the Independent Shareholders of the terms of the 2022 Master Supply Agreement, the proposed annual caps and the transactions contemplated under the 2022 Master Supply Agreement.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2022 MASTER SUPPLY AGREEMENT

The Group has sourced food ingredients from Elite since the commencement of business in 2000. Elite is one of the key high quality meat and seafood wholesalers in Hong Kong and maintained its position among the top ranking in terms of value of imported food ingredients in Hong Kong. Since the Group is satisfied with the quality and timely delivery of the food ingredients by Elite over the years of cooperation and the terms offered by Elite to the Group are of normal commercial terms, the Directors are of the view that it will be in the interests of the Group and the Shareholders as a whole to continue such transactions with Elite. As such, it is beneficial to the Group to continue to purchase the food ingredients from Elite. Furthermore, given that the Group has established a long-term relationship with Elite which has been providing food ingredients to the Group since 2000, we believe we would achieve better and more efficient communication with Elite as to the Group's business needs as compared to other third parties. In addition, the long-term relationship between the Group and Elite in turn provides us with business and operational convenience. Hence, the Directors believe that entering into the 2022 Master Supply Agreement will maintain synergies to the Group's operation.

INFORMATION OF THE PARTIES

Information on the Group

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

Information of MS Restaurant

MS Restaurant is a company incorporated with limited liability in the BVI on 7 November 2017. It is a directly wholly-owned subsidiary of the Company and the intermediate holding company of the Group.

Information on Elite

Elite is a company with limited liability incorporated in Hong Kong on 16 October 1984 and is a supplier of chilled and frozen meat and seafood and other food ingredients in Hong Kong. Since Elite is owned as to 50%, 25% and 25% by Ms. Ingrid Ip, Mr. Joseph Kwong and Ms. Melanie Kwong respectively, who are the Controlling Shareholders, Elite is a connected person of the Company and the transactions contemplated under the 2022 Master Supply Agreement therefore constitute continuing connected transactions for the Group under Chapter 20 of the GEM Listing Rules.

As Mr. John Kwong and Ms. Kwong, executive Directors, being connected persons of the Company, have material interests in the transactions contemplated under the 2022 Master Supply Agreement, they have abstained from voting on the Board resolutions approving the 2022 Master Supply Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the Directors has any material interest in the 2022 Master Supply Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

As the proposed annual caps in respect of the 2022 Master Supply Agreement for each of the three years ending 31 March 2026 is more than HK\$10,000,000, and at least one of the applicable ratios calculated thereof is more than 5%, the transactions contemplated under the 2022 Master Supply Agreement constitute continuing connected transactions and are subject to the reporting, announcement, circular, annual review and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

INTERNAL CONTROL PROCEDURES

- (1) As most of the food ingredients from Elite are generally readily available in the market, the Executive Chef will carry out a quarterly review on the purchase price offered by Elite and prepare comparison reports by obtaining quotations from at least two other independent suppliers that provide similar food ingredients for any purchase from Elite on food ingredients which are expected to be frequently used after the consideration of their reputation in the market and also stability in the supply of food ingredients, etc.. The Executive Chef, the area chefs and the area managers will discuss and based on the comparison reports which include quotations provided by other independent suppliers and Elite, we will be able to ensure that the purchase price to be paid to Elite by the Group is not higher than the price offered by independent suppliers and represents the prevailing market price on normal commercial terms;
- (2) The finance manager of the Group will keep track of the purchases by the Group from Elite for the supply of chilled and frozen meat and seafood and other food ingredients to the Group under the 2022 Master Supply Agreement by preparing a summary of aggregate purchases by the Group from Elite on a monthly basis and report to the Board for the purpose of ensuring that the annual caps will not be exceeded. If any monthly summary indicates that the annual cap for the relevant year is anticipated to be exceeded, the finance manager will compile further information including estimated amount of purchases and the number of operating months in the remaining of financial year, and will then calculate a proposed revised cap and recommend such revised cap for the approval by the Board if necessary; and
- (3) The Company will provide the details of the purchases by the Group from Elite to the independent non-executive Directors and auditors of the Company to perform annual review of the purchase of chilled and frozen meat and seafood and other food ingredients under the 2022 Master Supply Agreement.

In light of the above internal control procedures, the Directors consider that there are sufficient measures in place to monitor the transactions contemplated under the 2022 Master Supply Agreement and ensure that such transactions will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all independent non-executive Directors, namely Mr. Lai Ming Fai Desmond, Dr. Cheng Lee Lung and Mr. Kwok Yiu Chung, has been established to advise the Independent Shareholders, in respect of the transactions under the 2022 Master Supply Agreement and the proposed annual caps.

No member of the Independent Board Committee has any interest in the 2022 Master Supply Agreement and the proposed annual caps. A letter from the Independent Board Committee is set out on page 15 of this circular.

Zero2IPO Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders regarding the transactions under the 2022 Master Supply Agreement and the proposed annual caps. A letter from the Independent Financial Adviser is set out on pages 16 to 30 of this circular.

EGM

Set out on pages EGM-1 to EGM-2 of this circular is a notice convening the EGM to consider and, if appropriate, to approve the ordinary resolution relating to the 2022 Master Supply Agreement.

A form of proxy for use in connection with the EGM is enclosed with this circular and can also be downloaded from the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.mrsteak.com.hk). If you are not able or do not intend to attend the EGM in person and wish to exercise your right as a Shareholder, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return the completed form of proxy to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event, not later than 48 hours before (i.e. on Monday, 27 February 2023 at 11:00 a.m.) the time appointed for holding the EGM or its adjournment (as the case may be). Completion and return of the form of proxy will not preclude any Shareholder from attending and voting in person at the EGM or its adjournment he/she/it so wish. If the Shareholder attends and votes at the EGM, the instrument appointing the proxy will be deemed to have been revoked.

VOTING BY POLL

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of the Shareholders at a general meeting must be taken by poll except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, the resolution to be proposed at the EGM and contained in the notice of the EGM will be voted by way of a poll by the Shareholders.

LETTER FROM THE BOARD

According to Rule 2.26 of the GEM Listing Rules, any shareholder that has a material interest in the transaction or arrangement shall abstain from voting on the resolution(s) approving the transaction or arrangement at the general meeting. As at the Latest Practicable Date, 1,000,000,000 Shares were in issue, among which, Future More was beneficially interested in 750,000,000 Shares, representing 75% of the total number of issued Shares. Future More is beneficially owned as to 14% by Mr. John Kwong, an executive Director and the Chairman, 18% by Ms. Ingrid Ip, 18% by Ms. Kwong, an executive Director and the Vice Chairlady, 25% by Mr. Joseph Kwong and 25% by Ms. Melanie Kwong, respectively. Pursuant to the Concert Party Deed executed by Mr. John Kwong, Ms. Ingrid Ip, Ms. Kwong, Mr. Joseph Kwong and Ms. Melanie Kwong, each of them has agreed and confirmed, among other things, that they have been parties acting in concert in relation to the Group since 23 November 2017 and upon the Listing and will continue to act in the same manner in the Group. By virtue of the SFO, Mr. John Kwong, Ms. Ingrid Ip, Ms. Kwong, Mr. Joseph Kwong and Ms. Melanie Kwong are deemed to be interested in 750,000,000 Shares held by Future More, representing 75% of the total number of issued Shares.

Pursuant to Rule 2.27 of the GEM Listing Rules, Future More is deemed to have a material interest in the transactions under the 2022 Master Supply Agreement for being a close associate to the parties to the said agreement. Therefore, Future More shall abstain from voting in favour of the resolution to approve the transaction contemplated under the 2022 Master Supply Agreement and the proposed respective annual caps at the EGM.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the Latest Practicable Date, there was (i) no voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into by or binding upon any Shareholder; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date whereby he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his Shares to a third party, either generally or on a case-by-case basis. Accordingly, to the best of the Directors' knowledge, information and belief, as at the Latest Practicable Date, there existed no discrepancy between any Shareholder's beneficial shareholding interest in the Company and the number of Shares in respect of which such Shareholder will control or will be entitled to exercise control over the voting right at the EGM in respect of the resolutions approving the transaction contemplated under the 2022 Master Supply Agreement and the proposed annual caps.

RECOMMENDATION

Your attention is drawn to the letter of advice from the Independent Financial Adviser as set out on pages 16 to 30 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in connection with the transaction under the 2022 Master Supply Agreement and the proposed annual caps and the letter from the Independent Board Committee set out on page 15 of this circular which contains its recommendation to the Independent Shareholders in relation to the transaction under the 2022 Master Supply Agreement and the proposed annual caps.

LETTER FROM THE BOARD

The Board (including the Independent Board Committee), having taken into account the advice from the Independent Financial Adviser, but excluding the interested Directors who are interested or deemed to be interested in the 2022 Master Supply Agreement, is of the view that the proposed annual caps are fair and reasonable and on normal commercial terms or better in the ordinary and usual course of business and considers that the terms of the 2022 Master Supply Agreement, the transactions contemplated thereunder and the proposed annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole and accordingly recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM as set out in the notice of the EGM on page EGM-1 to EGM-2 of this circular.

GENERAL

Your attention is also drawn to the additional information set out in the appendices to this circular.

MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

Yours faithfully,
For and on behalf of the Board
MS Concept Limited
Kwong Tai Wah
Chairman and Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

MS CONCEPT LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8447)

3 February 2023

To the Independent Shareholders

Dear Sir or Madam

CONTINUING CONNECTED TRANSACTION IN RESPECT OF 2022 MASTER SUPPLY AGREEMENT

We have been appointed as the members of the Independent Board Committee to advise the Independent Shareholders in respect of the resolution to approve the transaction contemplated under the 2022 Master Supply Agreement and the proposed annual caps, the details of which are set out in the “Letter from the Board” contained in the circular of the Company dated 3 February 2023 (the “**Circular**”) of which this letter forms part. Unless the context otherwise requires, terms defined in the Circular shall have the same meanings when used in this letter.

Your attention is drawn to the “Letter from the Board”, the advice of Zero2IPO Capital Limited in its capacity as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of whether the terms and conditions of the 2022 Master Supply Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and are in the ordinary and usual course of business of the Company as set out in the “Letter from the Independent Financial Adviser” as well as other additional information set out in other parts of the Circular.

Having taken into account the advice of and the principal factors and reasons considered by Zero2IPO Capital Limited in relation thereto as stated in its letter, we consider the terms and conditions of the transactions contemplated under the 2022 Master Supply Agreement and the proposed caps are on normal commercial terms and are fair and reasonable and are in the interests of the Company and the Shareholders as a whole, and the transactions contemplated thereunder are in the ordinary and usual course of business of the Company. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the transactions contemplated under the 2022 Master Supply Agreement and the proposed annual caps.

Yours faithfully,

For and on behalf of Independent Board Committee

Mr. Lai Ming Fai Desmond
Independent
non-executive Director

Dr. Cheng Lee Lung
Independent
non-executive Director

Mr. Kwok Yiu Chung
Independent
non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the text of a letter received from Zero2IPO Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2022 Master Supply Agreement and the proposed annual caps, which has been prepared for the purpose of incorporation in the circular.



清科资本
Zero2IPO Capital

Unit No.1506B, Level 15,
International Commerce Centre,
1 Austin Road West, Kowloon, Hong Kong

3 February 2023

To the Independent Board Committee and the Independent Shareholders

Dear Sirs/Madams,

CONTINUING CONNECTED TRANSACTION IN RESPECT OF THE 2022 MASTER SUPPLY AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the fairness and reasonableness of the term of the 2022 Master Supply Agreement and the proposed annual caps thereunder (the “**Proposed Annual Caps**”), details of which are set out in the Letter from the Board (the “**Board Letter**”) contained in the circular dated 3 February 2023 December 2022 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

As disclosed in the Announcement dated 21 December 2022, the Company entered into the 2022 Master Supply Agreement with Elite Fresh Food Company Limited, which will be valid from 1 April 2023 to 31 March 2026. Since Elite is owned as to 50%, 25% and 25% by Ms. Ingrid Ip, Mr. Joseph Kwong and Ms. Melanie Kwong respectively, who are the Controlling Shareholders, Elite is a connected person of the Company and the transactions contemplated under the 2022 Master Supply Agreement therefore constitute continuing connected transactions for the Group under Chapter 20 of the GEM Listing Rules.

As Mr. John Kwong and Ms. Kwong Man Yui, executive Directors, being connected persons of the Company, have material interests in the transactions contemplated under the 2022 Master Supply Agreement, they have abstained from voting on the Board resolutions approving the 2022 Master Supply Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the Directors has any material interest in the 2022 Master Supply Agreement and the transactions contemplated thereunder.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As the Proposed Annual Caps in respect of the 2022 Master Supply Agreement for each of the three years ending 31 March 2026 is more than HK\$10,000,000, and at least one of the applicable ratios calculated thereof is more than 5%, the transactions contemplated under the 2022 Master Supply Agreement constitute continuing connected transactions and are subject to the reporting, announcement, circular, annual review and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

In this regard, The Independent Board Committee comprising all independent non-executive Directors, namely Mr. Lai Ming Fai Desmond, Dr. Cheng Lee Lung and Mr. Kwok Yiu Chung, has been established to advise the Independent Shareholders as to whether the 2022 Master Supply Agreement and the transactions contemplated thereunder (together with the Proposed Annual Caps) are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole. As of the date of this circular, the Independent Board Committee has reviewed this letter.

OUR INDEPENDENCE

Zero2IPO Capital Limited is a licensed corporation to carry out regulated activities of advising on corporate finance under the SFO. Zero2IPO Capital Limited and its affiliates, whose ordinary business involves the trading of, dealing in and the holding of securities, may be involved in the trading of, dealing in, and the holding of the securities of the Company for client accounts.

As at the Latest Practicable Date, we were not aware of any relationships or interests between us and the Company, Elite and their respective associates and connected persons or any other parties that could be reasonably regarded as a hindrance to our independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders. We have not acted as a financial adviser or an independent financial adviser to the Company and its associates in the past two years. Apart from the advisory fee payable to us in connection with our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we shall receive any other fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

Basis of Our Advice

In formulating our recommendation, we have made discussion with the management of the Company (“**Management**”) and reviewed, among other things: (i) 2019 Master Supply Agreement and 2022 Master Supply Agreement; (ii) the Announcement and the Board Letter; (iii) the Prospectus; (iv) the annual report of the Company for the year ended 31 March 2021 (the “**2021 Annual Report**”); (v) the annual report of the Company for the year ended 31 March 2022 (the “**2022 Annual Report**”); and (vi) the interim result announcement of the Company for the six months ended 30 September 2021 (the “**2022 Interim Announcement**”) ; and (vii) the interim result announcement of the Company for the six months ended 30 September 2022 (the “**2023 Interim Announcement**”). We have relied, without assuming any responsibility for independent verification, on the information, opinions and facts supplied and representations made to us by the Directors and Management, who have assumed full responsibility for the accuracy of the information contained in the Circular, and that any information and representations made to us are true, accurate and complete in all material respects as at the date hereof and that they may be relied upon. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company. We have discussed with the Management of the Company regarding their plans and prospects of the Company. We have also relied on certain information available to the public and have assumed such information to be accurate and reliable, and we have not independently verified the accuracy of such information. We have also assumed that statements and representations made or referred to in the Circular were accurate at the time they were made and continue to be accurate at the date of the extraordinary general meeting. We consider that we have reviewed sufficient information to reach an informed view in order to provide a reasonable basis for our advice. We have not, however, carried out any independent verification of the information provided to us nor have we conducted any form of independent in-depth investigation into the business affairs or assets and liabilities of the Company, Zero2IPO Capital Limited or any of their respective subsidiaries or associated companies. It is not within our terms of engagement to comment on the commercial feasibility of the Continuing Connected Transactions, which remains the responsibility of the Directors. As the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, we have not been involved in the negotiations in respect of the terms of the 2022 Master Supply Agreement (including the Proposed Annual Caps). Our opinion with regard to the terms thereof has been made on the assumption that all obligations to be performed by each of the parties to the Continuing Connected Transactions will be fully performed in accordance with the terms thereof.

Our opinion is necessarily based upon the financial, economic, market, regulatory, and other conditions as they exist on, and the facts, information, and opinions made available to us as of the date of this letter. We have no obligation to update this opinion to take into account events occurring after the date on which this opinion is delivered to the Independent Board Committee and the Independent Shareholders. This letter is for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the 2022 Master Supply Agreement (including the Proposed Annual Caps) and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose, without our prior written consent.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

The principal factors and reasons we have taken into account in assessing the 2022 Master Supply Agreement (including the Proposed Annual Caps) in giving our recommendation to the Independent Board Committee and the Independent Shareholders are set out below:

(1) Background of the 2022 Master Supply Agreement

Information of MS Restaurant

MS Restaurant is a company incorporated with limited liability in the BVI on 7 November 2017. It is a directly wholly-owned subsidiary of the Company and the intermediate holding company of the Group.

Information on Elite

Elite is a company with limited liability incorporated in Hong Kong on 16 October 1984 and is a supplier of chilled and frozen meat and seafood and other food ingredients in Hong Kong. Since Elite is owned as to 50%, 25% and 25% by Ms. Ingrid Ip, Mr. Joseph Kwong and Ms. Melanie Kwong respectively, who are the Controlling Shareholders, Elite is a connected person of the Company and the transactions contemplated under the 2022 Master Supply Agreement therefore constitute continuing connected transactions for the Group under Chapter 20 of the GEM Listing Rules.

(2) Reasons for Entering the 2022 Master Supply Agreement

According to the Board Letter, the Group has sourced food ingredients from Elite since the commencement of business in 2000. Elite is one of the key high quality meat and seafood wholesalers in Hong Kong and maintained its position among the top ranking in terms of value of imported food ingredients in Hong Kong. Since the Group is satisfied with the quality and timely delivery of the food ingredients by Elite over the years of cooperation and the terms offered by Elite to the Group are of normal commercial terms, the Directors are of the view that it will be in the interests of the Group and the Shareholders as a whole to continue such transactions with Elite. As such, it is beneficial to the Group to continue to purchase the food ingredients from Elite. Furthermore, given that the Group has established a long-term relationship with Elite which has been providing food ingredients to the Group since 2000, the Group would achieve better and more efficient communication with Elite as to the Group's business needs as compared to other third parties. In addition, the long-term relationship between the Group and Elite in turn provides us with business and operational convenience. Hence, the Directors believe that entering into the 2022 Master Supply Agreement will maintain synergies to the Group's operation.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have discussed with the Management and according to the Prospectus, we noted that the Group have sourced food ingredients from Elite since the commencement of business of the Group in 2000 with a friendly business relationship for approximately 22 years. Elite has also received a governor's valued partner award in appreciation contributions as a valued partner of Agri Beef co and Friend of the State of Idaho, USA in 2019. During the business relationship with Elite, the Management confirmed there were no material delay or quality issues and no dispute or conflict existed in the history. The communication has been smooth and prompt and Elite has provided stable and reliable quality of food ingredients to support the Group's operation. Additionally, the Group has also enjoyed a favorable credit terms from Elite with a relatively longer payment cycle than other suppliers' as confirmed by the Management. We also noted from the 2019 Master Supply Agreement and 2022 Master Supply Agreement that the purchase price shall not be higher than the price offered by independent third parties.

In this regard, we concur with the view of Directors that entering into the 2022 Master Supply Agreement is in the ordinary and usual course of business of the Company and in the interests of the Group and the Shareholders as a whole.

(3) The Salient Terms of the 2022 Master Supply Agreement

The salient principal terms of the 2022 Master Supply Agreement are summarized as below:

Date

21 December 2022 (after trading hours)

Parties

- (1) MS Restaurant (as the purchaser); and
- (2) Elite (as the supplier)

Term

The 2022 Master Supply Agreement will be effective from 1 April 2023 and up to 31 March 2026 (both dates inclusive).

Nature of the transactions

MS Restaurant as purchaser and Elite as supplier agree that the Group will purchase and Elite will supply chilled and frozen meat and seafood and other food ingredients, including but not limited to meat and poultry, lobsters, crab, smoked salmon and oysters, to the Group for our restaurant operations.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Pricing basis

The purchase price of each and every purchase shall be separately determined on order-by-order basis which are quoted at fixed unit price by both parties according to the following principles:

- (1) the purchase price shall be determined after arm's length negotiation between the parties and shall be in accordance with normal commercial terms after the comparison with quotations obtained from at least two independent suppliers that provide similar food ingredients;
- (2) the purchase price shall not be higher than the prevailing market price after the comparison with quotations obtained from at least two independent suppliers that provide similar food ingredients; and
- (3) the purchase price shall not be higher than the price offered by independent third parties.

In determining and ensuring the fairness and reasonableness of the purchase price, the Group will (a) carry out a quarterly review on the purchase price offered by Elite by obtaining quotations from at least two other independent suppliers that provide similar food ingredients for any purchase from Elite; (b) compare the purchase price to be paid to Elite by the Group with these independent suppliers; and (c) ensure the purchase price to be paid to Elite by the Group are not higher than the price offered by the independent suppliers.

The Directors are of the view that the internal control measures above are sufficient and can ensure the pricing policy contemplated under the 2022 Master Supply Agreement to be fair and reasonable, the terms offered by Elite to the Group will be conducted on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

Settlement terms

The parties shall settle the accounts according to the actual verified purchase amount of chilled and frozen meat and seafood and other food ingredients supplied to the Group for its restaurant operations. Elite shall issue monthly statements to the Group by 15th of next month for payment within 60 days upon the confirmation of verified purchase amount of chilled and frozen meat and seafood and other food ingredients supplied.

Our view and analysis

We have reviewed and compared the terms between the 2019 Master Supply Agreement and the 2022 Master Supply Agreement, and noted that there are no material differences except for the Proposed Annual Caps.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In order to exam the fairness and reasonableness of the pricing basis and whether the Company is able to obtain quotations from at least two independent suppliers, we have obtained and reviewed 45 sets samples of fee quotations documents which are the price guidance of the typical type of the food ingredient to the restaurants of the Group for their daily purchase from Elite on a quarterly basis under 2019 Master Supply Agreement during the period from 1 April 2020 to 30 October 2022. Such samples are considered to be fair and representative as they covered all kinds of food ingredients purchased from Elite during the period under 2019 Master Supply Agreement and are selected on random basis. We have reviewed the fee quotation documents and noted that such documents include (i) the comparison reports prepared by the Management of the Group for quarterly review on the purchase price offered by Elite; and (ii) quotations of the similar type of food ingredient from at least two other independent suppliers. Based on the fee quotations documents selected and advised by the Management of the Group, we noted that (i) the food ingredients from Elite is generally including the meat and poultry, lobsters, crab, smoked salmon and oysters which are generally readily available in the market; (ii) each comparison report selected is attached with the quotations of the same type of the food ingredient from at least two other independent suppliers, and (iii) the price for each specific type of food ingredient from Elite is not less favourable than that quoted from the independent suppliers in all the samples selected. Based on the foregoing, we are of the view that the Company is able to obtain quotations from at least two other independent suppliers and the price of food ingredient purchased by the Group from Elite is not less favourable than that quoted from the independent suppliers.

In order to exam the fairness and reasonableness of the credit terms, we have interviewed with the Management of the Group and reviewed two monthly statements from Elite to the Group and five monthly statements from five independent suppliers to the Group on random basis and noted that the credit period from Elite is 60 days against the monthly statement date and the credit period from the other independent suppliers is 30 days against the monthly statement date. The credit period from Elite is not less favourable than that granted by independent third parties.

In this regard, we concur with the view of Directors that terms of the 2022 Master Supply Agreement are fair and reasonable and on normal commercial basis.

(4) Proposed Annual Caps

According to the Board Letter, the Proposed Annual Caps set out above for the three years ending 31 March 2026 was determined with reference to factors such as (i) the historical transaction amount between the Group and Elite during the two years ended 31 March 2022 and the six months ended 30 September 2022; (ii) the expected increase in demand of the relevant food ingredients based on increase in the number of restaurants in operation by the Group for the three years ending 31 March 2026; (iii) the estimated business growth of the Group during the three years ending 31 March 2026 according to the latest business plan as disclosed below; (iv) the new restaurants to be opened by the Group before 31 March 2026; and (v) the expected inflation of 3.4% referenced to the Composite Consumer Price Index of food for October 2022, issued by the Census and Statistics Department of the Government of the HKSAR which affects the price of food ingredients.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In particular, given that the historical transaction amounts between the Group and Elite during the two years ended 31 March 2022 and the six months ended 30 September 2022 were lower than the existing annual caps for the three years ending 31 March 2023, the Directors consider the said historical transaction amounts to be a more accurate reference than the existing annual caps when projecting the trend of business growth of the Group in determining the proposed annual caps for the three years ending 31 March 2026.

Our View and Analysis

According to the Board Letter, the following table sets out the historical figures and the existing annual caps under the 2019 Master Supply Agreement and the proposed annual caps under the 2022 Master Supply Agreement:

For the year ended 31 March			For the six months ended		For the year ending 31 March			
2021	2021	2022	2022	2022	2023	2024	2025	2026
Historical amount	Existing annual cap	Historical amount	Existing annual cap	Historical amount	Existing annual cap	Proposed annual cap	Proposed annual cap	Proposed annual cap
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)				
31,032	41,000	35,251	49,000	21,011	57,000	44,000	53,000	59,000

Total number of restaurants in operation

	For the year ended/ending 31 March					
	2021 (planned)	2022 (planned)	2023 (planned)	2024 (planned)	2025 (planned)	2026 (planned)
Under 2019 MSA	13	15	17			
Under 2022 MSA				15	17	19

Changes in number of restaurants in operation

	For the year ended/ending 31 March					
	2021 (actual)	2022 (actual)	2023 (actual)	2024 (planned)	2025 (planned)	2026 (planned)
At beginning of the year	12	12	12	12	15	17
Newly open during the year	1	1	1	3	2	2
Closed during the year	(1)	(1)	(1)	–	–	–
At end of the year	12	12	12	15	17	19

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As disclosed in the 2019 Circular, the existing annual cap for the year ending 31 March 2023 of approximately HK\$57 million was determined after having considered, among others, the business growth of the Group in light of the plan to establish 5 new restaurants during the three years ending 31 March 2023. However, following the outbreak of COVID-19 Pandemic since January 2020, the relevant prevention and control measures imposed by the Hong Kong Government (including but not limited to the limitation in the number of seats, the restrictions on the provision of dine-in services after 6 p.m. and social distancing measures) had significantly reduced the number of customer visiting the Group's restaurants. The revenue of the Group decreased from approximately HK\$225.7 million for the year ended 31 March 2020 to approximately HK\$172.6 million for the year ended 31 March 2021 and approximately HK\$202.8 million for the year ended 31 March 2022, respectively. As a result, the management was cautious in executing the expansion plan disclosed in the 2019 Circular under the outbreak of COVID-19 Pandemic that only three new restaurants were established. Since the consumption of food ingredients is directly related to the number of customer visits and the revenue, the decrease in number of restaurants established would decrease the purchase of food ingredients. As a result of the factors discussed above, purchase from Elite was less than expected under the annual caps for the three years ending 31 March 2023.

The historical transaction amount between the Group and Elite increased by 13.6% from approximately HKD31.0 million for the year ended 31 March 2021 to approximately HKD35.3 million for the year ended 31 March 2022, with the utilization rate of the existing annual caps of 75.7% and 71.9%, respectively. As advised by the Management, such increase was in line with the business growth and the increase of the revenue of the Group from FY2021 to FY2022. With reference to 2022 Annual Report of the Group, the Group's revenue increased by approximately 17.5%, from approximately HKD172.6 million for the year ended 31 March 2021 to approximately HKD202.8 million for the year ended 31 March 2022 which was primarily due to that the Group benefited from the relief of the COVID-19 pandemic and recovery of the consumption considering and the Hong Kong Government launched Consumption Voucher Scheme which each of eligible residents was entitled to a total of HKD5,000 consumption vouchers to encourage the local spending and such consumption vouchers were disbursed to eligible registrants in August 2021 and October 2021.

The historical transaction amount between the Group and Elite for the six months ended 30 September 2022 was approximately HKD21.0 million. By calculating the estimated purchase amount between the Group and Elite for the year ending 31 March 2023 on a pro-rata basis on the revenue in the 2022 Interim Report and 2022 Annual Report (i.e. HKD35.1 million) ("**Estimated FY2023 Purchase Amount**"), we noted that the expected full year's transaction amount between the Group and Elite for the year ending 31 March 2023 increased slightly compared to that of the actual full year's transaction amount for the year ended 31 March 2022 which is in line with the business growth. As advised by the Management and with reference to 2023 Interim Report of the Group, such increase was primarily due to that a new restaurant operating under the brand "犇殿" at Maritime Square, Tsing Yi commenced operation in July 2022 and further relief of COVID-19 pandemic.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

According to the latest business plan, the Group intends to establish 7 new restaurants with estimated timeframe as follows:

	For the year ending 31 March		
	2024	2025	2026
First quarter	1	–	–
Second quarter	1	1	1
Third quarter	1	1	1

According to the Board Letter, in determining the estimated timeframe and the number of new restaurants to be opened for the three years ending 31 March 2026, the Group has considered the traditional seasonal impact on the food and catering industry. The food and catering industry is subject to seasonal fluctuations that it typically records higher customer visits in from April to August and December of each calendar year as the customers tend to dine out more frequently in western casual dining restaurants during certain festive holidays (e.g. Easter and Christmas) and summer holiday. Therefore, the Group planned to open 2 restaurants in second quarter and third quarter for each financial year. Moreover, the restaurant operating under the brand “Marbling” located in Causeway Bay cannot be renewed upon the expiry in January 2023 after negotiation with the landlord. Therefore, the management is seeking other suitable place as a replacement and the new restaurant is estimated to be established in the first quarter of FY2024.

To assess the fairness and reasonableness of the proposed annual cap for the year ending 31 March 2024, we have reviewed the projection obtained from the Management and noted that (i) the estimated full year’s transaction amount between the Group and Elite is approximately HKD38.7 million for the year ending 31 March 2023 which is also similar to the Estimated FY2023 Purchase Amount; (ii) the Group plans to commence three new restaurants which are expected to be the similar size of the existing restaurants in the first quarter, the second quarter and the third quarter of FY2024, respectively, and the estimated purchase amount of the three new restaurants with Elite is expected to be approximately HKD4.6 million; (iv) such increase would partially offset by that one restaurant under the brand “Marbling” would be closed in January 2023 due to the expiration of the lease and the estimated purchased amount is expected to decreased by HKD1.4 million from approximately HKD1.4 million for the year ending 31 March 2023 to Nil for the year ending 31 March 2024.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

To assess the fairness and reasonableness that (i) the proposed annual cap for the year ending 31 March 2025 increases by approximately 20.5% from HKD44.0 million for the year ending 31 March 2024 to HKD53.0 million for the year ending 31 March 2025; and (ii) the proposed annual cap for the year ending 31 March 2026 increased by approximately 11.3% from HKD53.0 million for the year ending 31 March 2025 to HKD59.0 million for the year ending 31 March 2026, we discussed with the Management and reviewed the projection provided by the Management. To assess the fairness and reasonableness of the proposed annual cap for the year ending 31 March 2025, we noted that such increase is primarily due to that (i) the Group plans to commence operations of two new restaurants which are expected to be the similar size of the existing restaurants in the second quarter and third quarter of FY2025, respectively, and the estimated purchase amount with Elite for the year ending 31 March 2025 is expected to be approximately HKD4.0 million ; (ii) the estimated purchase amount between the three restaurants opened in FY2024 and Elite is also expected to increase by approximately HKD3.6 million from approximately HKD4.6 million for the year ending 31 March 2024 to approximately HKD8.2 million for the year ending 31 March 2025 due to the increase in months of operations. To assess the fairness and reasonableness of the proposed annual cap for the year ending 31 March 2026, we noted that such increase is primarily due to that (i) the Group plans to commence operation of two new restaurants which are expected to be the similar size of the existing restaurants in the second quarter and third quarter of FY2026, respectively, and the estimated purchase amount between the two new restaurants and Elite for the year ending 31 March 2026 is expected to be approximately HKD3.0 million; and (ii) the estimated purchase amount between the two restaurants opened in FY2025 and Elite is also expected to increase by approximately HKD3.2 million from approximately HKD4.0 million for the year ending 31 March 2025 to approximately HKD7.2 million for the year ending 31 March 2026 due to the increase in months of operations.

We have also reviewed the monthly Composite Consumer Price Index for food ingredients from January 2022 to October 2022, which has been issued by the Census and Statistics Department of the Government of HKSAR. We noted that the Composite Consumer Price Index for food ingredients fluctuated from 2.8% to 4.6% from January 2022 to October 2022 with an average of approximately 3.81% and a median of approximately 3.9%. The inflation rate of 3.4% used by the Management on the estimation of food ingredients purchase amount is within the range of Composite Consumer Price Index for food ingredients and is lower than the average and median of Composite Consumer Price Index for food ingredients from January 2022 to October 2022. In view of the above, we concur with the Management that the inflation rate of 3.4% is on a cautious basis and is fair and reasonable.

Having considered (i) the historical transaction amount between the Group and Elite for 2 years ended 31 March 2021 and 6 months ended 31 March 2022 under 2019 Master Supply Agreement; (ii) the expansion plan of the restaurant network and the Group's business plan; and (iii) the Composite Consumer Price Index for October 2022 on food ingredients. We concur with the view of Directors that the Proposed Annual Caps are fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

INTERNAL CONTROL MEASURES AND ANNUAL REVIEW OF THE CONTINUING CONNECTED TRANSACTIONS

According to the Board Letter, the Company has established the following internal control measures in relation to the 2022 Mater Supply Agreement:

- (1) As most of the food ingredients from Elite are generally readily available in the market, the Executive Chef and prepare comparison reports carry out a quarterly review on the purchase price offered by Elite by obtaining quotations from at least two other independent suppliers that provide similar food ingredients for any purchase from Elite on food ingredients which are expected to be frequently used after the consideration of their reputation in the market and also stability in the supply of food ingredients, etc.. The Executive Chef, the area chefs and the area managers will discuss and based on the comparison reports which include quotations provided by other independent suppliers and Elite, the Group will be able to ensure that the purchase price to be paid to Elite by the Group is not higher than the price provided by independent suppliers and represents the prevailing market price on normal commercial terms.
- (2) The finance manager of the Group will keep track of the aggregate amount of purchases by the Group from Elite for the supply of chilled and frozen meat and seafood and other food ingredients to the Group under the 2022 Master Supply Agreement by preparing a summary of aggregate on purchases by the Group from Elite on a monthly basis, and report to the Board for the purpose of ensuring that the annual caps will not be exceeded; If any monthly summary indicates that the annual cap for the relevant year is anticipated to be exceeded, the finance manager will compile further information including estimated amount of purchases and the number of operating months in the remaining of financial year, and will then calculate a proposed revised cap and recommend such revised cap for the approval by the Board if necessary; and
- (3) The Company will provide the details of the purchases from Elite to the independent non-executive Directors and auditors of the Company to perform annual review of the purchase of chilled and frozen meat and seafood and other food ingredients under the 2022 Master Supply Agreement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As advised by the Management of the Group, they understand and shall follow the internal control under the 2022 Master Supply Agreement to ensure that the purchase price to be paid to Elite is on normal commercial terms and the annual caps will not be exceeded, considering such internal control measures are similar to that under the 2019 Master Supply Agreement. We have also reviewed 45 sets samples of fee quotation documents on random basis during the period from 1 April 2020 to 30 October 2022 under 2019 Master Supply Agreement for the Management of the Group to ensure the price of food ingredient purchased from Elite is not less favourable than that quoted from independent suppliers and represents the prevailing market price on normal commercial and noted that all the comparison reports selected are confirmed and signed by the Executive Chef, the area chef and the area managers which indicates that the Management of the Group supervised and monitored the pricing policy on a quarterly basis under 2019 Master Supply Agreement. We have also reviewed the summaries of aggregate on purchases by the Group from Elite prepared by the finance manager on a monthly basis under 2019 Master Supply Agreement which were reported to the Board for the purpose of ensuring that the annual caps would not be exceeded and we have compared the aggregate amount with the annual caps under 2019 Master Supply Agreement and noted that the finance manager monitored and kept the track of the aggregate amount on the purchases by the Group from Elite for the supply of chilled and frozen meat and seafood and other food ingredients to the Group under 2019 Master Supply Agreement on a monthly basis and the aggregate amount did not exceed the annual caps under 2019 Master Supply Agreement. Based on the foregoing, we understand that (i) the Group has implemented the internal control policies to govern the transactions between the Group and Elite; (ii) the Executive Chef, together with the area chef and the area management monitor the pricing policy with Elite on a quarterly basis to ensure that the purchase price to be paid to Elite is on normal commercial terms; and (iii) the finance manager monitors the aggregate amount of purchase by the Group from Elite and then reports to the Board on a monthly basis to ensure the annual caps would not be exceeded.

According to the 2022 Annual Report, in preparation for the listing, the Company has engaged an independent internal control consultant to perform a detailed evaluation of the Group's internal control system including the areas of financial, operation, compliance and risk management with the aims of, among other matters, improving the Group's corporate governance and ensuring compliance with the applicable laws and regulations. Based on its internal control review, the independent internal control consultant concluded that it did not note any material deficiency over the Group's internal control mechanism. We have also noted that pursuant to C.2.1 of the CG Code, the Board engaged an independent internal control consultant to review the effectiveness of the Group's risk management and internal control systems to assess their effectiveness and adequacy for the FY2022 and no significant deficiency was noted. We have also reviewed the internal control reports prepared by the independent internal control consultant for FY2022 and FY2021 and noted that, based on its internal control review, the independent internal control consultant did not note any material deficiency over the Group's internal control mechanism.

According to the 2022 Annual Report, we noted that the Independent Non-executive Directors (the "INEDs") have reviewed the continuing connected transactions under 2019 Master Supply Agreement and confirmed that the transactions were carried out during the year (1) in the ordinary and usual course of business of the Group; (2) on normal commercial or better terms; and (3) according to the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

According to the 2022 Annual Report, the independent auditors of the Company have performed procedures on the continuing connected transactions under 2019 Master Supply Agreement in FY2022 and confirmed that:

- (1) nothing has come to their attention that causes them to believe the above continuing connected transactions have not been approved by the Board;
- (2) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- (3) nothing has come to their attention that causes them to believe the transactions were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and
- (4) nothing has come to their attention that causes them to believe that the above continuing connected transactions have exceeded the annual cap.

By considering that (i) the Executive Chef will carry out a quarterly review on the purchase price offered by Elite and the Company is able to obtain quotations from two other independent suppliers that provide similar food ingredients for any purchase from Elite to ensure the purchase price to be paid to Elite is on normal commercial terms; (ii) the finance manager of the Group will keep the track of the aggregate amount of purchases by the Group from Elite on a monthly basis and report to the Board to ensure the annual caps will not be exceeded; (iii) the Group has engaged an independent internal control consultant to perform a detailed evaluation of the Group's risk management and internal control system. Based on its internal control review, the independent internal control consultant concluded that it did not note any material deficiency over the Group's internal control mechanism; and (iv) the Company's independent non-executive Directors and the Auditor will conduct an annual review of the status of the transactions contemplated under the 2022 Master Supply Agreements to ensure that the Company has complied with its internal approval process, we consider that the internal control manual, if implemented effectively by the Group, are sufficient to safeguard Shareholders' interest in conducting the 2022 Master Supply Agreement and the continuing connected transactions contemplated thereunder. Accordingly, we are of the view that the internal control procedures are in place and in compliance with the internal measures as mentioned above.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the above factors, we consider that the entering into of the 2022 Master Supply Agreement is the ordinary and usual course of business of the Group. The terms of the 2022 Master Supply Agreement are on normal commercial terms and which, altogether with the Proposed Annual Caps, are fair and reasonable, and the transactions contemplated under the 2022 Master Supply Agreement are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favor of the resolutions to approve the 2022 Master Supply Agreement (including the Proposed Annual Caps) at the EGM.

Yours faithfully,
For and on behalf of
Zero2IPO Capital Limited
Yang Peng
Managing Director

Mr. Yang Peng is a licensed person of the Securities and Future Commission of Hong Kong and a Responsible Officer of Zero2IPO Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity as defined under the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong), and has over 10 years of experience in corporate finance in Hong Kong.

1. RESPONSIBILITY STATEMENT

This circular, 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 Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. 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 the Latest Practicable Date, 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 corporation (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 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 as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the Shares and underlying Shares of the Company

Name of Directors	Capacity/Nature of interests	Number of Shares	Percentage of shareholding (note 3)
Mr. John Kwong (Notes 1 and 2)	Interest in controlled corporation	750,000,000	75%
Ms. Kwong (Notes 1 and 2)	Interest in controlled corporation	750,000,000	75%
Mr. Kwong Yiu Chung	Personal interest	1,170,000	0.12%

Notes:

1. On 23 November 2017, Mr. John Kwong, Ms. Ingrid Ip, Ms. Kwong, Mr. Joseph Kwong and Ms. Melanie Kwong entered into the Concert Party Deed to acknowledge and confirm, among other things, that each of them has acted and shall continue to act in concert in respect of each of Meric Investment, Lord Master and the Company. Details of the Concert Party Deed are set out in the section headed "History, Development and Reorganisation — Parties acting in concert" of the Prospectus. As such, pursuant to the parties acting in concert arrangement, each of Mr. John 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 share capital of the Company) by virtue of the SFO.
2. As at the Latest Practicable Date, Future More held 750,000,000 Shares and Future More was owned as to 14% by Mr. John Kwong, 18% by Ms. Ingrid Ip, 18% by Ms. Kwong, 25% by Mr. Joseph Kwong and 25% by Ms. Melanie Kwong respectively. Mr. John Kwong and Ms. Kwong are directors of Future More.
3. These percentages are calculated on the basis of 1,000,000,000 Shares in issue as at the Latest Practicable Date.

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. John Kwong	Future More	Interests held jointly with another person; beneficial owner	14	14%
Ms. Kwong	Future More	Interests held jointly with another person; beneficial owner	18	18%

Save as disclosed above and so far as is known to the Directors, as at the Latest Practicable Date, 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 pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(b) Interests and short positions of substantial shareholders and other persons in the shares and underlying shares of the Company

As at the Latest Practicable Date, the following persons/entities (other than the Directors or chief executive of the Company) had or were deemed to have interests or short positions in the shares, the underlying shares and debentures of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company or any other member of the Group:

Name of substantial shareholders	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%
Ms. Ingrid Ip	Interest in controlled corporation	750,000,000	75%
Mr. Joseph Kwong	Interest in controlled corporation	750,000,000	75%
Ms. Melanie Kwong	Interest in controlled corporation	750,000,000	75%

Notes:

- Pursuant to the Concert Party Deed, Mr. John Kwong, Ms. Ingrid Ip, Ms. Kwong, Mr. Joseph Kwong and Ms. Melanie Kwong have agreed to acknowledge and confirm, among other things, that each of them has acted and will continue to act in concert in respect of each of Meric Investment, Lord Master and the Company. Details of the Concert Party Deed are set out in the section headed "History, Development and Reorganisation – Parties acting in concert" of the Prospectus. As such, pursuant to the parties acting in concert arrangement, each of Mr. John 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 share capital of the Company) by virtue of the SFO.
- As at the Latest Practicable Date, Future More was owned as to 14% by Mr. John Kwong, 18% by Ms. Ingrid Ip, 18% by Ms. Kwong, 25% by Mr. Joseph Kwong and 25% by Ms. Melanie Kwong, respectively.
- These percentages are calculated on the basis of 1,000,000,000 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any other persons who had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group.

3. DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors and their respective associates had any interest in other competing business.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2022, being the date to which the latest published audited financial statements of the Company were made up.

5. SERVICE CONTRACTS OF DIRECTORS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group which does not expire or is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

6. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS OF THE GROUP

As at the Latest Practicable Date, none of the Directors or expert had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2022, being the date to which the latest published audited consolidated financial statements of the Company were made up.

No Director was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the business of the Group taken as a whole, save for the 2019 Master Supply Agreement and the 2022 Master Supply Agreement.

7. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice contained in this circular:

Name	Qualification
Zero2IPO Capital Limited	a corporation licensed to carry out type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, the Independent Financial Adviser was not beneficially interested in the share capital of the Group nor did it have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in the Group.

As at the Latest Practicable Date, the Independent Financial Adviser had no direct or indirect interest in any assets which had been since 31 March 2022 (being the date to which the latest published audited accounts of the Company were made up) acquired or disposed of by or leased to the Group, or were proposed to be acquired or disposed of by or leased to the Group.

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular, with the inclusion therein of its letter(s), report(s), opinion and/or the references to its name in the form and context in which it appears.

8. GENERAL

Should there be any inconsistencies between the English text and the Chinese text of the circular, the English text of this circular shall prevail over the Chinese text.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.mrsteak.com.hk) for a period of 14 days from the date of this circular:

- (a) this circular;
- (b) the letter of recommendation from the Independent Board Committee to the Independent Shareholders, the text of which is set out on page 15 of this circular;
- (c) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 16 to 30 of this circular;
- (d) the written consent of the Independent Financial Adviser referred to in the paragraph headed “Expert and Consent” in this appendix; and
- (e) the 2022 Master Supply Agreement.

NOTICE OF EGM

MS CONCEPT LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8447)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the “EGM”) of MS Concept Limited (the “Company”) will be held at Training Room 1, Level 3, Core F, Cyberport 3, 100 Cyberport Road, Hong Kong on Wednesday, 1 March 2023 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution as ordinary resolution:

ORDINARY RESOLUTION

1. “**THAT:**

- (a) the execution of the agreement dated 21 December 2022 (“**2022 Master Supply Agreement**”) entered into between the Company and Elite Fresh Food Company Limited, a copy of which is tabled at the Meeting and marked “A” and initialed by the chairman of the Meeting for identification purpose and its proposed annual caps (as defined and described in the Circular) be and are hereby confirmed, ratified and approved and the transactions contemplated thereunder be and are hereby approved; and
- (b) any one or more executive directors of the Company be and are hereby authorised to do all such acts and things as they consider necessary and to sign and execute all such documents (including under the seal of the Company), and to take all such steps which in their opinion may be necessary appropriate, desirable or expedient for the purpose of giving effect to the 2022 Master Supply Agreement and its proposed annual caps and completing the transactions contemplated thereunder.”

By Order of the Board

MS Concept Limited

Kwong Tai Wah

Chairman and Executive Director

Hong Kong, 3 February 2023

NOTICE OF EGM

Notes:

1. Any member of the Company (the “**Member**”) entitled to attend and vote at the EGM or its adjourned meeting (as the case may be) is entitled to appoint one (or, if he/she/it holds two or more Shares, more than one) proxy to attend and vote instead of him/her/it. A proxy needs not be a Member but must be present in person at the EGM to represent the Member. If more than one proxy is so appointed, the appointment shall specify the number of Shares in respect of which such proxy is so appointed.
2. Completion and return of the form of proxy will not preclude a Member from attending and voting in person at the EGM if he/she/it so wishes. In the event of a Member who has lodged a form of proxy attending the EGM in person, the form of proxy will be deemed to have been revoked.
3. In order to be valid, the duly completed and signed form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed certified copy of such power or authority, at the office of the Company’s Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event, not later than 48 hours before (i.e. on Monday, 27 February 2023 at 11:00 a.m.) the time appointed for holding the EGM or its adjournment (as the case may be).
4. For determining the entitlement of the Members to attend and vote at the EGM, the register of members of the Company (“**Register of Members**”) will be closed from Friday, 24 February 2023 to Wednesday, 1 March 2023 (both days inclusive), during which period no transfer of Shares will be registered. To qualify for attending and voting at the EGM, non-registered Members must lodge all transfer documents, accompanied by the relevant share certificates with the Company’s Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Thursday, 23 February 2023.
5. In compliance with Rule 17.47(4) of the GEM Listing Rules, voting on all proposed resolution set out in this Notice will be decided by way of a poll. The Company will announce the results of the poll in the manner prescribed under Rule 17.47(5) of the GEM Listing Rules.
6. Where there are joint holders of any Share, any one of such joint holders may vote at the EGM, either personally or by proxy, in respect of such Share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the EGM personally or by proxy, that one of such joint holders so present whose name stands first in the Register of Members in respect of the joint holding shall alone be entitled to vote in respect thereof.
7.
 - (a) Subject to paragraph (b) below, if a tropical cyclone typhoon signal no. 8 is hoisted or a black rainstorm warning signal is expected to be in force at any time between 7:00 a.m. and 5:00 p.m. on the date of the EGM, the EGM will be postponed and the Members will be informed of the date, time and venue of the postponed EGM by an announcement posted on the respective websites of the Company and the Stock Exchange.
 - (b) If a black rainstorm warning signal is cancelled at or before three hours before the time fixed for holding the EGM and where conditions permit, the EGM will be held as scheduled.
 - (c) The EGM will be held as scheduled when a tropical cyclone typhoon signal no. 3 is hoisted or an amber or red rainstorm warning signal is in force.
 - (d) After considering their own situations, the Members should decide on their own as to whether they would attend the EGM under any bad weather condition and if they do so, they are advised to exercise care and caution.
8. The translation into Chinese language of this Notice is for reference only. In case of any inconsistency, the English version shall prevail.