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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)

MAJOR TRANSACTIONS IN RELATION TO (i) THE RENEWAL OF LEASE AGREEMENT AND (ii) THE ENTERING OF A TENANCY AGREEMENT IN RESPECT OF A NEW RESTAURANT

All capitalised terms used in this circular have the meaning set out in the section headed “Definitions” of this circular. A letter from the Board is set out on pages 5 to 12 of this circular.

Pursuant to Rule 19.44 of the GEM Listing Rules, in lieu of a resolution to be passed at a general meeting of the Company, written Shareholder’s approval for each of the Tenancy Agreements 1 and 2 had been obtained from Future More, a Controlling Shareholder holding 75% of the total number of the issued Shares as at the Latest Practicable Date. No general meeting will be convened for approving each of the Tenancy Agreements 1 and 2 and this circular is for information only.

This circular will remain on the “Latest Listed Company Information” page of the GEM website (www.hkgem.com) for at least 7 days from the date of publication and on the website of the Company (www.mrsteak.com.hk).

24 July 2020

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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DEFINITIONS

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

“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, details as set out in the section headed “2019 Master Supply Agreement” in a circular dated 5 December 2019
“Announcements”	the announcement of the Company dated 18 June 2020 in relation to the Tenancy Agreement 1 and the announcement of the Company dated 23 June 2020 in relation to the Tenancy Agreement 2
“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. 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
“Controlling Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules and unless the context requires otherwise, refers to Mr. Kwong, Ms. Ingrid Ip, Ms. Kwong, Mr. Joseph Kwong, Ms. Melanie Kwong and Future More
“Director(s)”	director(s) of the Company
“Elite”	Elite Fresh Food Company Limited (鮮運食品有限公司), 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

DEFINITIONS

“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. 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”	the Rules Governing the Listing of Securities on GEM, as amended, modified, and supplemented from time to time
“Group”	the Company and its subsidiaries
“Hana (TC)”	a restaurant operated under the brand “Hana” at Citygate, Tung Chung and commenced operation in August 2019
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is not connected persons of the Company and is third party independent of the Company and its connected persons in accordance with the GEM Listing Rules
“INED(s)”	Independent Non-executive Director(s) of the Company
“Latest Practicable Date”	20 July 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing”	the listing of the issued Shares of the Company on GEM on 16 April 2018
“Lord Master”	Lord Master Limited (爵士有限公司), a company incorporated in Hong Kong with limited liability 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

DEFINITIONS

“Meric Restaurant”	Meric Restaurant Limited, a company incorporated in Hong Kong with limited liability on 26 March 2020 and a wholly-owned subsidiary of the Company
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Companies
“Mr. Joseph Kwong”	Mr. Kwong Tai Wing Joseph, being one of the Controlling Shareholders, the brother of Mr. Kwong and Ms. Melanie Kwong, the uncle of Ms. Kwong, and the brother-in-law of Ms. Ingrid Ip
“Mr. Kwong”	Mr. Kwong Tai Wah, being the chairman of the Board, chief executive officer, one of the executive Directors, one of the Controlling Shareholders, the spouse of Ms. Ingrid Ip, the father of Ms. Kwong, and the brother of Mr. Joseph Kwong and Ms. Melanie Kwong
“Ms. Ingrid Ip”	Ms. Ip Yin King Ingrid, being one of the Controlling Shareholders, the spouse of Mr. Kwong, the mother of Ms. Kwong, and the sister-in-law of Mr. Joseph Kwong and Ms. Melanie Kwong
“Ms. Kwong”	Ms. Kwong Man Yui, being one of the executive Directors, one of the Controlling Shareholders, the daughter of Mr. 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 the Controlling Shareholders, the sister of Mr. Kwong and Mr. Joseph Kwong, the aunt of Ms. Kwong, and the sister-in-law of Ms. Ingrid Ip
“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
“MTR”	MTR Corporation Limited, a company which was incorporated in Hong Kong under the Companies Ordinance on 26 April 2000 and listed on the Main Board of the Stock Exchange (stock code: 66)
“Premises 1”	Shop 415–417, Level 4, Telford Plaza II, 33 Wai Yip Street, Kowloon Bay, Kowloon, Hong Kong
“Premises 2”	Shop Unit F1, Level 2, Telford Plaza I, 33 Wai Yip Street, Kowloon Bay, Kowloon, Hong Kong

DEFINITIONS

“Prospectus”	the prospectus dated 29 March 2018 for the listing of the issued Shares of the Company on GEM
“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 our Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreements”	Tenancy Agreement 1 and Tenancy Agreement 2
“Tenancy Agreement 1”	the new tenancy agreement dated 14 April 2020 (but signed and returned by MTR on 11 June 2020) and entered into between Lord Master and MTR for the renewal of the existing lease agreement in respect of the Premises 1
“Tenancy Agreement 2”	the tenancy agreement dated 18 June 2020 entered into between Meric Restaurant and MTR in respect of the Premises 2 of a new restaurant
“Telford Restaurant”	the restaurant operated by the Group at the Premises under the brand “Mr. Steak”
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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 2313, 23/F

Hong Kong Plaza

186–191 Connaught Road West

Hong Kong

24 July 2020

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTIONS
IN RELATION TO (i) THE RENEWAL OF LEASE AGREEMENT
AND
(ii) THE ENTERING OF A TENANCY AGREEMENT
IN RESPECT OF A NEW RESTAURANT**

Reference is made to the Announcements in relation to the Tenancy Agreement 1 and the Tenancy Agreement 2.

The purpose of this circular is to provide you, among other things, further information in relation to the Tenancy Agreements.

TENANCY AGREEMENT 1

The Company exercised the two-year renewal option in the existing lease agreement of the Premises 1 and the Tenancy Agreement 1 dated 14 April 2020 (but signed and returned by MTR on 11 June 2020) was entered into between Lord Master (a wholly-owned subsidiary of the Company) as tenant, and MTR (an Independent Third Party) as landlord, for renewal of the existing lease agreement in respect of the Premises 1 for a term of two years from 10 August 2020 to 9 August 2022 (both days inclusive).

LETTER FROM THE BOARD

The terms of the Tenancy Agreement 1 are as follows:

- Date : 14 April 2020
- Parties : (1) MTR Corporation Limited, an Independent Third Party, as landlord; and
(2) Lord Master Limited, a wholly-owned subsidiary of the Company, as tenant
- Premises : Shop 415–417, Level 4, Telford Plaza II, 33 Wai Yip Street, Kowloon Bay, Kowloon, Hong Kong
- Term : 10 August 2020 to 9 August 2022 (both days inclusive)
- Total consideration payable : The total consideration payable under the Tenancy Agreement 1 is approximately HK\$7,722,000 (inclusive of promotion fee, air-conditioning and management charges) subject to additional turnover rent representing the amount by which 12% of the monthly gross sales turnover exceeds the monthly basic rent of each calendar month in accordance with the Tenancy Agreement 1, which will be satisfied by internal resources of the Group.
- The rent is determined after arm's length negotiations between MTR and Lord Master after taking into consideration the prevailing market price of comparable premises in the vicinity of the Premises.
- Rent free period : No rent free period is granted.
- Payable term : The monthly basic rent shall be payable in advance on the first day of each calendar month. The turnover rent shall be payable in arrears on the 15th day of each calendar month. Both the basic rent and turnover rent shall be payable on a monthly basis and subject to final review and adjustment at the end of each calendar year.
- Deposits : A sum equivalent to three months' basic rent, management expenses and air-conditioning charges shall be payable by the tenant to the landlord. The deposit will be refunded to the tenant by the landlord without interest within 60 days after the expiration of the Tenancy Agreement 1 and the delivery of vacant possession to the landlord or within 30 days of the settlement of the last outstanding claim by the landlord against the tenant in respect of any breach, non-observance or non-performance of any of the agreements, stipulations or conditions herein contained and on the part of the tenant to be observed and performed, whichever is the later.

LETTER FROM THE BOARD

TENANCY AGREEMENT 2

Tenancy Agreement 2 dated 18 June 2020 was entered into between Meric Restaurant (a wholly-owned subsidiary of the Company) as tenant and MTR (an Independent Third Party) as landlord in respect of the Premises 2 of a new restaurant for a term of four years from 1 June 2020 to 31 May 2024 (both days inclusive), with an option to renew for a further two years commencing from 1 June 2024 to 31 May 2026 (both days inclusive).

The terms of the Tenancy Agreement 2 are as follows:

- Date : 18 June 2020
- Parties : (1) MTR Corporation Limited, an Independent Third Party, as landlord; and
(2) Meric Restaurant Limited, a wholly-owned subsidiary of the Company, as tenant
- Premises : Shop Unit F1, Level 2, Telford Plaza I, 33 Wai Yip Street, Kowloon Bay, Kowloon, Hong Kong
- Term : 1 June 2020 to 31 May 2024 (both days inclusive), with an option to renew for a further two years from 1 June 2024 to 31 May 2026 (both days inclusive)
- Total consideration payable : The total consideration payable under the Tenancy Agreement 2 is approximately HK\$13,466,000 (inclusive of promotion fee, air-conditioning and management charges) subject to additional turnover rent representing the amount by which 12% of the monthly gross sales turnover exceeds the monthly basic rent of each calendar month in accordance with the Tenancy Agreement 2, which will be satisfied by internal resources of the Group.
- The rent is determined after arm's length negotiations between MTR and Meric Restaurant after taking into consideration the prevailing market price of comparable premises in the vicinity of the Premises.
- Rent free period : 1 June 2020 to 31 August 2020 (both days inclusive)
- Payable term : The monthly basic rent shall be payable in advance on the first day of each calendar month. The turnover rent shall be payable in arrears on the 15th day of each calendar month. Both the basic rent and turnover rent shall be payable on a monthly basis and subject to final review and adjustment at the end of each calendar year.

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Deposits : A sum equivalent to three months' basic rent, management expenses and air-conditioning charges shall be payable by the tenant to the landlord. The deposit will be refunded to the tenant by the landlord without interest within 60 days after the expiration of the Tenancy Agreement 2 and the delivery of vacant possession to the landlord or within 30 days of the settlement of the last outstanding claim by the landlord against the tenant in respect of any breach, non-observance or non-performance of any of the agreements, stipulations or conditions herein contained and on the part of the tenant to be observed and performed, whichever is the later.

The Group commenced discussion with MTR on the major terms of the Tenancy Agreement 2 in 2020. The Group was then informed by MTR that the major terms of the Tenancy Agreement 2 were almost finalised and the term of the Tenancy Agreement 2 shall commence on 1 June 2020 and a rent free period of three months would be granted. However, the Tenancy Agreement 2 dated 18 June 2020 was only signed and returned by MTR on 22 June 2020. The Group did not lease Premises 2 from MTR before.

THE RIGHT-OF-USE ASSET

The value of the right-of-use asset recognised by the Group under the Tenancy Agreements 1 and 2 amounted to approximately HK\$6.2 million and HK\$9.2 million, respectively, which are calculated with reference to the present value of the aggregated lease payments to be made under the Tenancy Agreements 1 and 2, respectively, in accordance with HKFRS 16 *Leases*.

Since the turnover rent can only be reliably estimated according to the revenue earned after the commencement of operation of the restaurants, such amount constitutes variable lease payments and were not included in the measurement of the lease liability at initial recognition but will be charged to the profit or loss of the Group in accordance with HKFRS 16 *Leases*.

REASON FOR AND THE BENEFITS OF ENTERING THE TENANCY AGREEMENTS

Tenancy Agreement 1

The Group is principally engaged in the provision of catering services in Hong Kong. The Group is currently leasing the Premises 1 under the existing lease agreement dated 9 November 2016 for the operation of its Telford Restaurant under the brand "Mr. Steak", which will expire on 9 August 2020. In evaluating the options of renewal of the existing lease agreement, the Directors consider that Telford Restaurant has been operated in the Premises 1 for approximately three years and the monthly rental per square feet of gross floor area of the Premises 1 is fair and reasonable, taking into account that the monthly rental is comparable to the monthly rental in the existing tenancy agreement of Premises 1 which was entered into by the Group in November 2016. Moreover, the Directors consider that the location of the shopping mall where the Premises 1 is located is popular and easily accessible by various

LETTER FROM THE BOARD

means of transports. Hence, the entering of Tenancy Agreement 1 will enable the Group to continue its operation of Telford Restaurant at the Premises 1 and secure a stable cashflow to the Group and is in the interest of the Shareholders.

Tenancy Agreement 2

As disclosed in the Prospectus of the Company, one of the business strategies of the Group is expanding its network of restaurants by opening new restaurants in suitable and strategic locations in Hong Kong. The management team of the Company adopts a disciplined growth strategy to look for suitable opportunities in expanding the Group's restaurant footprint in Hong Kong under different brands since the Listing. In August 2019, Hana (TC) commenced operation and provided an additional cashflow to the Group which proved the success of the growth strategy and philosophy of the management team. As such, the management team continues to look for other suitable locations in Hong Kong and identified the Premises 2. After considering the terms of the Tenancy Agreement 2, the Board is of the view that the monthly rental per square feet of gross floor area of the Premises 2 is fair and reasonable after considering the rental level of the shopping malls of Telford Plaza (including Premises 1 which the Group is currently leasing) and foot traffic in the new location. The Board intends to operate a new restaurant under a new brand offering Taiwanese cuisine at the Premises 2 (i) to secure a new and additional source of income to the Group to maximize the Shareholders' return; and (ii) to enable the Group to expand its restaurant operations in Hong Kong.

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

INFORMATION OF THE PARTIES

Information of the Group

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

Information of Lord Master

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

Information of Meric Restaurant

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

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Information of MTR

MTR is a company incorporated in Hong Kong with limited liability and is listed on the Main Board of the Stock Exchange (stock code: 66). MTR is principally engaged in the following core businesses — railway design, construction, operation, maintenance and investment in Hong Kong, Macau, the Mainland of China and a number of overseas cities; project management in relation to railway and property development businesses in Hong Kong and the Mainland of China; station commercial business including leasing of station retail space, leasing of advertising space inside trains and stations and enabling of telecommunication services on the railway system in Hong Kong; property business including property development and investment, management and leasing management of investment properties (including shopping malls and offices) in Hong Kong and the Mainland of China; investment in Octopus Holdings Limited; and provision of railway management, engineering and technology training.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, MTR and its ultimate beneficial owners are Independent Third Parties.

EFFECTS OF THE TENANCY AGREEMENTS ON THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND CONSOLIDATION STATEMENT OF FINANCIAL POSITION OF THE GROUP

In accordance with HKFRS 16 *Leases*, the value of the right-of-use asset recognised by the Group under the Tenancy Agreement 1 amounted to approximately HK\$6.2 million which is calculated with reference to the present value of the aggregated lease payments to be made. The Group will depreciate the right-of-use assets over the estimated useful life of 24 months on a straight line-basis and a monthly depreciation amounting to approximately HK\$0.3 million will be charged to the consolidated statement of profit or loss. Lease liabilities amounting to approximately HK\$6.2 million is recognised by the Group in the consolidated statement of financial position and will decrease upon the settlement of lease payments to the landlord accordingly. There would be no change in net assets on the consolidated statement of financial position of the Group immediately after the entering into the Tenancy Agreement 1.

For Tenancy Agreement 2, the value of the right-of-use asset recognised by the Group amounted to approximately HK\$9.2 million which is calculated with reference to the present value of the aggregated lease payments to be made. The Group will depreciate the right-of-use assets over the estimated useful life of 48 months on a straight line-basis and a monthly depreciation amounting to approximately HK\$0.2 million will be charged to the consolidated statement of profit or loss. Lease liabilities amounting to approximately HK\$9.2 million is recognised by the Group in the consolidated statement of financial position and will decrease upon the settlement of lease payments to the landlord accordingly. There would be no change in net assets on the consolidated statement of financial position of the Group immediately after the entering into the Tenancy Agreement 2.

Since the turnover rent can only be reliably estimated according to the revenue earned after the commencement of operation of the restaurants, such amount constitutes variable lease payments and were not included in the measurement of the lease liability at initial recognition but will be charged to the profit or loss of the Group in accordance with HKFRS 16 *Leases*.

LETTER FROM THE BOARD

FINANCIAL AND BUSINESS PROSPECT OF THE GROUP

Up to the Latest Practicable Date, the Group owned and operated twelve restaurants serving various cuisines in Hong Kong, including five restaurants serving various western cuisine along with our signature steak under the “Mr. Steak” brand, one buffet restaurant serving international cuisine under the “Mr. Steak — Buffet à la minute” brand, two restaurants under the “Sky Bar” brand offering western cuisine along with signature seafood dishes and a wide selection of wines and cocktails, two western specialty restaurants under the “Bistro Bloom” and “Bistro Bloom/Marbling” brands serving modern and trendy western food along with specialty meat cuts, and two Japanese specialty restaurants under the “Hana” brand serving “Nabemono” — Japanese hot pot dishes such as Sukiyaki, Shabu and Seiomushi.

The Premises 1 is currently leased by the Group under the existing lease agreement dated 9 November 2016 and has been operated by the Group under the brand “Mr. Steak” for approximately three years. The entering of Tenancy Agreement 1 will enable the Group to continue its operation of Telford Restaurant at the Premises 1 and secure a stable cashflow to the Group.

Upon the entering of Tenancy Agreement 2, the Group will establish a new restaurant at the Premises 2 under a new brand offering Taiwanese cuisine to the public. The Board is of the view that the new brand not only enables the Group to expand its restaurant operations in Hong Kong, but also provide a new and additional source of income to the Group to maximize the Shareholders’ return. It is expected that the operation of new restaurant will be supported by the internal resource of the Group.

The outbreak of novel coronavirus since January 2020 affected the business environment and consumption sentiment in Hong Kong. However, the experienced management team continues to adopt cost saving measures, as well as explores the appropriate opportunities to expand our restaurant business in Hong Kong with a more prudent approach to maximize the return to shareholders.

LISTING RULES IMPLICATION

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

As one or more than one of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Tenancy Agreement 1 based on the value of the right-of-use asset recognised by the Group is more than 25% but below 100%, the Tenancy Agreement 1 constitutes a major transaction for the Company, and is therefore subject to the reporting, announcement and Shareholders’ approval requirements pursuant to Chapter 19 of the GEM Listing Rules.

As one or more than one of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Tenancy Agreement 2 based on the value of the right-of-use asset recognised by the Group is more than 25% but below 100%, the Tenancy Agreement 2

LETTER FROM THE BOARD

constitutes a major transaction for the Company, and is therefore subject to the reporting, announcement and Shareholders' approval requirements pursuant to Chapter 19 of the GEM Listing Rules.

Under Rule 19.44 of the GEM Listing Rules, Shareholders' approval for a major transaction may be obtained by way of written Shareholders' approval in lieu of holding a general meeting if (a) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the transaction; and (b) the written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the voting rights at that general meeting to approve the transaction.

The Directors confirm that, to the best of their knowledge, information and belief after having made all reasonable enquiries, MTR is an Independent Third Party and therefore no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of each of the Tenancy Agreements 1 and 2. Future More, being a Controlling Shareholder, is beneficially interested in 750,000,000 Shares, representing 75% of the total number of issued Shares of the Company as at the Latest Practicable Date, had given written approval to the Company to approve each of the Tenancy Agreements 1 and 2 in lieu of a general meeting pursuant to Rule 19.44 of the GEM Listing Rules. Therefore, no general meeting of the Company for the approval of each of the Tenancy Agreements 1 and 2 will be held. Future More has also confirmed that neither it nor any of its associates have any material interest in the Tenancy Agreements 1 and 2.

RECOMMENDATION

The Board (including the Independent non-executive Directors) considers that the entering into of the Tenancy Agreements 1 and 2, the terms of the Tenancy Agreements 1 and 2 and the transaction contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Although a general meeting will not be convened by the Company to approve each of the Tenancy Agreements 1 and 2, if such a general meeting were to be convened by the Company, the Board would recommend the Shareholders to vote in favour of the resolutions to approve the Tenancy Agreement 1 and Tenancy Agreement 2, respectively.

GENERAL

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

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

1. FINANCIAL SUMMARY OF THE GROUP

The Company is required to set out in this circular the financial information for the last three financial years with respect to the profits and losses, financial record and position, as a comparative table and the latest published audited statement of financial position together with the notes on the annual accounts for the last financial year for the Group.

The audited consolidated financial statements of the Group for the year ended 31 March 2020 are set out in pages 52 to 111 of the annual report 2020 of the Company which was published on 23 June 2020 on the website of the GEM at www.hkgem.hk and the website of the Company at www.mrsteak.com.hk.

The audited consolidated financial statements of the Group for the year ended 31 March 2019 are set out in pages 50 to 107 of the annual report 2019 of the Company which was published on 5 June 2019 on the website of the GEM at www.hkgem.hk and the website of the Company at www.mrsteak.com.hk.

The audited consolidated financial statements of the Group for the year ended 31 March 2018 are set out in pages 47 to 95 of the annual report 2018 of the Company which was published on 28 June 2018 on the website of the GEM at www.hkgem.hk and the website of the Company at www.mrsteak.com.hk.

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 June 2020, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had the following indebtedness:

Bank and other borrowings

As at 30 June 2020, the Group had total bank borrowings of approximately HK\$11.6 million. The bank borrowings are interest-bearing at Hong Kong Dollar Prime Rate over or minus a spread as appropriate.

Pledge deposits

As at 30 June 2020, bank deposits of the Group of approximately HK\$2.0 million were pledged to a bank for general banking facilities granted to the Group.

Contingent liabilities

The Group had no contingent liabilities as at 30 June 2020.

Disclaimers

Save as aforesaid, and apart from intra-group liabilities and normal trade and other payables in the ordinary course of the business, the Group did not have any outstanding debt securities issued and outstanding, and authorised or otherwise created but unissued, term loans, bank overdrafts and loans, other loans or other similar indebtedness, liabilities

under acceptance or acceptance credits, debentures, mortgages, charges, hire purchases commitments, other recognised lease liabilities, guarantees or contingent liabilities, at the close of business on 30 June 2020. The Board has confirmed that, save as disclosed above, there has not been any material change in the indebtedness or contingent liabilities of the Group since 30 June 2020.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the financial resources, including banking facilities and other borrowings available to the Group and its internally generated funds, and considering the effect of the Tenancy Agreements 1 and 2 of the Premises 1 and 2, in absence of unforeseen circumstances, the Group has sufficient working capital for its present requirement for at least the next twelve months from the date of publication of this circular.

4. MATERIAL ADVERSE CHANGES

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 2020, being the date to which the latest published audited financial statements of the Company were made up.

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. 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%

Notes:

- On 23 November 2017, Mr. 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. 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. Kwong, 18% by Ms. Ingrid Ip, 18% by Ms. Kwong, 25% by Mr. Joseph Kwong and 25% by Ms. Melanie Kwong respectively. Mr. Kwong is the director 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. 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%

Notes:

1. Pursuant to the Concert Party Deed, Mr. Kwong, Ms. Ingrid Ip, Ms. Kwong, Mr. Joseph Kwong and Ms. Melanie Kwong have agreed to acknowledge and confirm, 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. 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 was owned as to 14% by Mr. Kwong, 18% by Ms. Ingrid Ip, 18% by Ms. Kwong, 25% by Mr. Joseph Kwong and 25% by Ms. Melanie Kwong, respectively.
3. These percentages are calculated on the basis of 1,000,000,000 Shares in issue as at 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 (i) the Group's compliance adviser, Alliance Capital Partners Limited, neither itself nor each of its directors, employees and close associates (as referred to in Rule 6A.32 of the GEM Listing Rules); and (ii) the Directors, controlling shareholders of the Company and their respective close associates (as defined under the GEM Listing Rules), was interested in any business which competes or is likely to compete either directly or indirectly with the business of the Group (as would be required to be disclosed under the GEM Listing Rules if each of them were a controlling shareholder).

4. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

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 2020, being the date to which the latest published audited consolidated financial statements of the Company were made up.

On 8 November 2019, MS Restaurant entered into the 2019 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 2020 to 31 March 2023 and details of which are set out in the circular dated 5 December 2019. Under the 2019 Master Supply Agreement, MS Restaurant as purchaser and Elite as supplier whereby the Group will purchase and Elite will supply chilled and frozen meat and seafood and other food ingredients to the Group for the restaurant operations. The proposed annual caps under the 2019 Master Supply Agreement for the three years ending 31 March 2023 are approximately HK\$41.0 million, HK\$49.0 million and HK\$57.0 million, respectively.

Save as disclosed above, 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.

7. MATERIAL CONTRACTS

No contracts outside the ordinary course of business carried on by the Group had been entered into by the Group within the two years immediately preceding the date of this circular and up to the Latest Practicable Date which are or may be material.

8. GENERAL

- (a) The secretary of the Company is Mr. Poon Tsz Hang, who is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and the Institute of Chartered Accountants in England and Wales respectively.
- (b) The compliance officer of the Company is Ms. Kwong Man Yui, who is the vice chairlady and one of the executive Directors of the Company.
- (c) The registered office of the Company in Cayman Islands is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The head office and the principal place of business of the Company in Hong Kong is at Room 2313, 23/F, Hong Kong Plaza, 186–191 Connaught Road West, Hong Kong.
- (d) The principal share registrar and transfer office of the Company in Cayman Islands is Conyers Trust Company (Cayman) Limited at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (e) The audit committee of the Company was established on 16 April 2018 with written terms of reference in accordance with Rule 5.28 of the GEM Listing Rules and in compliance with paragraph C.3 of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the audit committee include, among others, to make recommendations to the Board on the appointment, re-appointment and removal of the external auditors, to approve the remuneration and terms of engagement of the external auditors, and handling any questions of their resignation or dismissal, monitor the integrity of the Group's financial statements and the annual, interim and quarterly financial reports, to review the Group's financial and accounting policies and practices and to review the Group's financial controls, and risk management and internal control system. The audit committee currently consists of three INEDs and is chaired by Mr. Lai Ming Fai Desmond (“**Mr. Lai**”), the other members are Dr. Cheng Lee Lung (“**Dr. Cheng**”) and Mr. Kwok Yiu Chung (“**Mr. Kwok**”).

Mr. Lai, aged 47, was appointed as an INED on 23 March 2018. Mr. Lai is currently a partner of WWC Professional Corporation Limited, and was the chief financial officer of Asia Television Digital Media Limited, an over-the-top digital entertainment platform and a wholly-owned subsidiary of Asia Television Holdings Limited which is listed on the Main Board of the Stock Exchange (stock code: 707). Prior to this, Mr. Lai held senior positions at international accounting firms, leading

audit and management consulting practices. Mr. Lai obtained his Bachelor's degree of Commerce in Accounting and Finance from the University of New South Wales in Australia. He is a fellow member of CPA Australia and a member of the Hong Kong Institute of Certified Public Accountants.

Dr. Cheng, aged 67, was appointed as an INED on 23 March 2018. Dr. Cheng holds a number of professional, government advisory and public positions in Hong Kong. Dr. Cheng obtained his Bachelor's degree in Science and Master's degree in Science from Chelsea College (currently known as King's College London), University of London in England in August 1976 and July 1981 respectively. He obtained his Doctor's degree in Information and Communication Engineering from the Tsinghua University in China in July 2004.

Mr. Kwok, aged 57, was appointed as an INED on 23 March 2018. Mr. Kwok is the chief executive officer of CBK Holdings Limited, a company listed on GEM of the Stock Exchange (stock code: 8428). Mr. Kwok has been appointed to various positions of the Hong Kong Federation of Restaurants & Related Trades (香港餐飲聯業協會) (the “**Federation**”) since 2007 and has been a director of the Federation since 2015.

- (f) 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 AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at Room 2313, 23/F., Hong Kong Plaza, 186–191 Connaught Road West, Hong Kong during normal business hours from 9:30 a.m. to 12:00 p.m. and 2:00 p.m. to 5:30 p.m. on any weekday (except Saturdays and public holidays) for a period of 14 days from the date of this circular:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the two years ended 31 March 2019 and 2020; and
- (c) this circular.