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MS CONCEPT LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8447)

DISCLOSEABLE TRANSACTION IN RELATION TO THE LEASE OF THE PREMISES IN RESPECT OF A NEW RESTAURANT

THE LEASE OF A PREMISES IN RESPECT OF A NEW RESTAURANT

The Board announces that the Offer Letter dated 5 February 2021 (received by the Group on 8 March 2021) was entered into between Lord Restaurant HP (a wholly-owned subsidiary of the Group) as tenant and Best Profit (an Independent Third Party) as landlord in respect of the Lease of the Premises for a term of four years commencing from 1 April 2021 to 31 March 2025 (both days inclusive).

LISTING RULES IMPLICATIONS

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

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

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

Parties:	(1) Best Profit Limited, an Independent Third Party, as landlord; and (2) Lord Restaurant HP Limited, a wholly-owned subsidiary of the Company, as tenant
Premises:	UG59–63, 65, 75–79, Floor UG, Olympian City 3, 1 Hoi Wang Road South, West Kowloon
Term:	1 April 2021 to 31 March 2025 (both days inclusive)
Total amount payable:	The aggregate amount payable under the Lease is approximately HK\$12.7 million (inclusive of promotion levy, management charges, government rent and rates) subject to additional turnover rent representing the amount by which 12% and 13% of the monthly gross sales turnover exceeds the monthly basic rent of each calendar month for each of the two years ending 31 March 2023 and 2025, respectively, and in accordance with the Lease, which will be satisfied by internal resources of the Group. The rent is determined after arm's length negotiations between Best Profit and Lord Restaurant HP after taking into consideration the prevailing market price of comparable premises in the vicinity of the Premises.

THE RIGHT-OF-USE ASSET

The value of the right-of-use asset recognised by the Group under the Lease amounted to approximately HK\$7.6 million, which is calculated with reference to the present value of the aggregated lease payments to be made under the Lease in accordance with HKFRS 16 *Leases*.

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

REASON FOR AND THE BENEFITS OF ENTERING THE LEASE

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

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 since the Listing. In August 2020, the new restaurant offering Taiwanese Bussan hotpot and operating under the brand “犇殿台灣火鍋” was opened at the premises located

at Telford Plaza I, Kowloon Bay 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. After considering the terms of the Offer Letter, the Board is of the view that the monthly rental per square feet of gross floor area of the Premises is fair and reasonable. The Board intends to operate a new restaurant at the Premises (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 the Lease was entered into in the ordinary and usual course of business of the Group, and the Lease was entered into on normal commercial terms after arm's length negotiations between the parties, and the terms of the transactions contemplated under the Lease were fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

Information on the Group and Lord Restaurant HP

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

Lord Restaurant HP is a company incorporated in Hong Kong with limited liability on 20 November 2020 and is a wholly-owned subsidiary of the Company. Lord Restaurant HP is principally engaged in the business of providing catering services.

Information on Best Profit

Best Profit is a company incorporated in Hong Kong with limited liability on 24 June 2005. To the best knowledge, information and belief of the Directors having made all reasonable enquiries and the publicly available information, (i) Best Profit is principally engaged in property investment; and (ii) each of Best Profit and the ultimate beneficial owners of Best Profit are Independent Third Parties.

LISTING RULES IMPLICATION

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

DEFINITIONS

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

“Best Profit”	Best Profit Limited, a company which was incorporated in Hong Kong with limited liability on 24 June 2005 and is a joint venture owned as to 50%, 25% and 25% by Sino Land, Chinese Estates and Nan Fung Development, respectively, according to the publicly available information
“Board”	the Board of Directors of the Company
“Chinese Estates”	Chinese Estates Holdings Limited, an exempted company incorporated in Bermuda with limited liability and its shares are listed on the Main Board of the Stock Exchange (stock code: 127)
“Director(s)”	director(s) of the Company
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	Rules governing the Listing of Securities on GEM, as amended, modified, and supplemented from time to time
“Group”	the Company and its subsidiaries
“HKFRS(s)”	Hong Kong Financial Reporting Standard(s) issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are not connected persons of the Company and is/are third party(ies) independent of the Company and its connected person(s) in accordance with the GEM Listing Rules
“Listing”	the listing of the issued Shares of the Company on GEM on 16 April 2018
“Lease”	the lease of the Premises for the operation of the Restaurant by the acceptance of signing the Offer Letter
“Lord Restaurant HP”	Lord Restaurant HP Limited, a limited liability company incorporated in Hong Kong on 24 November 2020 and being a wholly-owned subsidiary of the Company

“Nan Fung Development”	Nan Fung Development Limited (南豐發展有限公司), a private company incorporated in Hong Kong with limited liability
“Offer Letter”	An offer letter dated 5 February 2021 stipulated the principal terms of the Lease
“Premises”	UG59–63, 65, 75–79, Floor UG, Olympian City 3, 1 Hoi Wang Road South, West Kowloon
“Prospectus”	the prospectus dated 29 March 2018 for the listing of the Shares of the Company on GEM
“Restaurant”	the restaurant operated by the Group at the Premises under the brand “犇殿台灣火鍋”
“Shares”	ordinary share(s) with a nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Sino Land”	Sino Land Company Limited, a company which was incorporated in Hong Kong with limited liability and is listed on the Main Board of the Stock Exchange (stock code: 83)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	or cents Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“%”	per cent

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

Hong Kong, 9 March 2021

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

Executive Directors:

Mr. Kwong Tai Wah (*Chairman and Chief Executive Officer*)

Ms. Kwong Man Yui (*Vice Chairlady*)

Mr. Lam On Fai

Independent Non-executive Directors:

Mr. Lai Ming Fai Desmond

Dr. Cheng Lee Lung

Mr. Kwok Yiu Chung

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the GEM website (www.hkgem.com) for at least seven days from the date of its publication. This announcement will also be published on the website of the Company (www.mrstreak.com.hk).

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