

# MS CONCEPT LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8447



FIRST QUARTERLY  
REPORT  
2023

## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE” AND “GEM”, RESPECTIVELY)

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

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*This report, for which the directors (collectively the “**Directors**” and individually a “**Director**”) of MS Concept Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

# Contents

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

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

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

Ms. Kwong Man Yui *(Vice Chairlady)*

Mr. Lam On Fai

#### Independent Non-Executive Directors

Mr. Lai Ming Fai Desmond

Dr. Cheng Lee Lung

Mr. Kwok Yiu Chung

### BOARD COMMITTEES

#### Audit Committee

Mr. Lai Ming Fai Desmond *(Chairman)*

Dr. Cheng Lee Lung

Mr. Kwok Yiu Chung

#### Remuneration Committee

Mr. Kwok Yiu Chung *(Chairman)*

Mr. Lai Ming Fai Desmond

Dr. Cheng Lee Lung

#### Nomination Committee

Mr. Kwong Tai Wah *(Chairman)*

Dr. Cheng Lee Lung

Mr. Kwok Yiu Chung

#### Executive Committee

Mr. Kwong Tai Wah *(Chairman)*

Ms. Kwong Man Yui

Mr. Lam On Fai

### COMPANY SECRETARY

Mr. Poon Tsz Hang

### COMPLIANCE OFFICER

Ms. Kwong Man Yui

### AUTHORISED REPRESENTATIVES

Mr. Kwong Tai Wah

Mr. Poon Tsz Hang

### INDEPENDENT AUDITORS

HLB Hodgson Impey Cheng Limited  
Certified Public Accountants

### LEGAL ADVISER

*as to Hong Kong laws*

D. S. Cheung & Co.

### PRINCIPAL BANKER

DBS Bank (Hong Kong) Limited

### HEADQUARTERS, HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1409-10, 14/F.,

Hong Kong Plaza

186 - 191 Connaught Road West

Hong Kong

**REGISTERED OFFICE**

Cricket Square, Hutchins Drive  
P. O. Box 2681  
Grand Cayman, KY1-1 111  
Cayman Islands

**PRINCIPAL SHARE REGISTRAR  
AND TRANSFER OFFICE IN  
CAYMAN ISLANDS**

Conyers Trust Company  
(Cayman) Limited  
Cricket Square, Hutchins Drive  
P. O. Box 2681  
Grand Cayman, KY1-1 111  
Cayman Islands

**HONG KONG BRANCH SHARE  
REGISTRAR AND TRANSFER  
OFFICE**

Tricor Investor Services Limited  
17/F., Far East Finance Centre  
16 Harcourt Road  
Hong Kong

**COMPANY WEBSITE**

[www.mrsteak.com.hk](http://www.mrsteak.com.hk)

**GEM STOCK CODE**

8447

## FINANCIAL HIGHLIGHTS

For the three months ended 30 June 2023:

- our revenue was approximately HK\$56.9 million, representing an increase of approximately HK\$2.3 million, or 4.2%, from approximately HK\$54.6 million for the three months ended 30 June 2022.
- we recorded a net loss of approximately HK\$1.7 million, as compared to the net profit of approximately HK\$4.1 million for the three months ended 30 June 2022.
- the board of Directors (the “**Board**”) has resolved not to declare the payment of a dividend.

## FIRST QUARTERLY RESULTS

The Board announces the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the three months ended 30 June 2023, together with the comparative unaudited figures for the three months ended 30 June 2022 and certain comparative audited figures as at 31 March 2023. The financial information is presented as follows:

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

For the three months ended 30 June 2023

	Notes	Three months ended 30 June 2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
<b>Revenue</b>	4	<b>56,878</b>	54,602
Cost of inventories sold		<b>(20,423)</b>	(20,059)
<b>Gross profit</b>		<b>36,455</b>	34,543
Other revenue and other income		<b>24</b>	1,712
Staff costs		<b>(17,757)</b>	(12,209)
Depreciation		<b>(9,434)</b>	(9,272)
Rentals and related expenses		<b>(3,508)</b>	(3,743)
Fuel and utility expenses		<b>(1,601)</b>	(1,276)
Administrative expenses		<b>(5,027)</b>	(4,699)
Finance costs		<b>(855)</b>	(1,003)
<b>(Loss)/profit before tax</b>	5	<b>(1,703)</b>	4,053
Income tax expenses	6	<b>–</b>	–
<b>(Loss)/profit and total comprehensive income for the period</b>		<b>(1,703)</b>	4,053
<b>(Loss)/profit and total comprehensive income for the period attributable to:</b>			
Owners of the Company		<b>(1,703)</b>	4,053
<b>(Loss)/earnings per share</b>			
Basic and diluted (HK cents)	7	<b>(0.17)</b>	0.41

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2023

	Share capital HK\$'000	Share premium HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 April 2023 (audited)	10,000	31,939	4,771	46,710
Loss and total comprehensive income for the period	-	-	(1,703)	(1,703)
<b>At 30 June 2023 (unaudited)</b>	<b>10,000</b>	<b>31,939</b>	<b>3,068</b>	<b>45,007</b>
At 1 April 2022 (audited)	10,000	31,939	804	42,473
Profit and total comprehensive income for the period	-	-	4,053	4,053
At 30 June 2022 (unaudited)	10,000	31,939	4,857	46,526

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 8 November 2017 as an exempted company with limited liability under the Companies Act, Cap. 22 of the Cayman Islands. The issued shares (the “**Shares**”) have been listed and traded on GEM by way of Share Offer as stated in the prospectus of the Company dated 29 March 2018 (the “**Prospectus**”) (the “**Listing**”) since 16 April 2018 (the “**Listing Date**”). The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1 -1111, Cayman Islands. The principal place of business of the Company is located at Room 1409-10, 14/F., Hong Kong Plaza, 186-191 Connaught Road West, Hong Kong. In the opinion of the Directors, the immediate and ultimate holding company of the Company is Future More Company Limited (“**Future More**”), a company incorporated in the British Virgin Islands (the “**BVI**”) with limited liability and wholly owned by Mr. Kwong Tai Wah (“**Mr. Kwong**”), Ms. Ip Yin King Ingrid (“**Ms. Ingrid Ip**”), Mr. Kwong Tai Wing Joseph (“**Mr. Joseph Kwong**”), Ms. Kwong Ching Yee Melanie (“**Ms. Melanie Kwong**”) and Ms. Kwong Man Yui (“**Ms. Kwong**”). Mr. Kwong is the chairman of the Board (the “**Chairman**”), an executive Director and the chief executive officer of the Group (the “**CEO**”) and Ms. Kwong is the vice chairlady of the Board and an executive Director.

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

The unaudited condensed consolidated financial statements of the Group for the three months ended 30 June 2023 are presented in Hong Kong Dollars (“**HK\$**”) which is also the functional currency of the Company and all values are rounded to the nearest thousand (“**HK\$’000**”), unless otherwise stated.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements of the Group for the three months ended 30 June 2023 have been prepared under the historical cost basis and in accordance with accounting principles generally accepted in Hong Kong and the applicable disclosure requirement of the GEM Listing Rules.

The unaudited condensed consolidated financial statements of the Group for the three months ended 30 June 2023 do not include all the information and disclosures required in the annual financial statements and thereby should be read in conjunction with the audited annual consolidated financial statements of the Group for the year ended 31 March 2023 (the “**2023 Financial Statements**”) included in the annual report of the Company dated 13 June 2023 (the “**2023 Annual Report**”). The accounting policies adopted are consistent with those applied in the 2023 Financial Statements, which have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (hereinafter collectively referred to as the “**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants.

### 3. SEGMENT INFORMATION

The Group is principally engaged in the provision of catering services through a chain of restaurants in Hong Kong. Information reported to the Group's management for the purpose of resources allocation and performance assessment focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no additional reportable segment and geographical information have been presented.

### 4. REVENUE

Revenue transferred at a point of time under HKFRS 15:

	Three months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Restaurant operations	<b>56,878</b>	54,602

### 5. (LOSS)/PROFIT BEFORE TAX

(Loss)/profit before tax has been arrived at after charging:

	Three months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Cost of inventories sold	<b>20,423</b>	20,059
Depreciation of property, plant and equipment	<b>1,058</b>	866
Depreciation of right-of-use assets	<b>8,376</b>	8,406
Variable lease payments	<b>328</b>	529
Employee benefit expenses (including Directors' remuneration):		
– Salaries and other allowances	<b>16,977</b>	11,510
– Staff benefits	<b>50</b>	37
– Retirement benefit scheme contributions	<b>730</b>	662
	<b>17,757</b>	12,209

## 6. INCOME TAX EXPENSES

<b>Three months ended 30 June</b>	
<b>2023</b>	2022
<b>HK\$'000</b>	HK\$'000
<b>(unaudited)</b>	(unaudited)

Current tax:

– Hong Kong Profits Tax	–	–
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The Group is subject to Hong Kong Profits Tax which is calculated by applying the estimated annual effective tax rate of 16.5% (2022: 16.5%) to the three months ended 30 June 2023, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime. For this subsidiary, Hong Kong Profits Tax is calculated at 8.25% on estimated assessable profits up to HK\$2 million and 16.5% on any part of the estimated assessable profits over HK\$2 million. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2022.

## 7. (LOSS)/EARNINGS PER SHARE

<b>Three months ended 30 June</b>	
<b>2023</b>	2022
<b>HK\$'000</b>	HK\$'000
<b>(unaudited)</b>	(unaudited)

(Loss)/earnings per share

– (Loss)/profit attributable to owners of the Company	<b>(1,703)</b>	4,053
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<b>2023</b>	2022
<b>'000</b>	'000
<b>(unaudited)</b>	(unaudited)

Number of Shares

Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share	<b>1,000,000</b>	1,000,000
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The calculation of basic (loss)/earnings per share for the three months ended 30 June 2022 and 2023 is based on the (loss)/profit attributable to owners of the Company for the three months ended 30 June 2022 and 2023, respectively.

No adjustment has been made to the basic (loss)/earnings per share presented for the three months ended 30 June 2022 and 2023 in respect of the dilution as the Company did not have any potential dilutive ordinary shares in issue during the periods.

## 8. DIVIDEND

The Board has resolved not to declare the payment of a dividend for the three months ended 30 June 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND OUTLOOK

During the three months ended 30 June 2023 (the “**Period**”), the social distancing measures in relation the COVID-19 Pandemic is fully removed. Travelling between countries resumed and the cross-boarder activities increased which stimulated the business environment. In April 2023, the Hong Kong Government launched a new round of Consumption Voucher Scheme (the “**2023 CVS**”). Each eligible resident is entitled to receive a maximum of HK\$3,000 consumption vouchers on first instalment under the 2023 CVS, which stimulated the consumption atmosphere during the Period.

In May 2023, the premise of a restaurant operated under the brand “Mr. Steak” located at Metroplaza, Kwai Fong (“**MS (KF)**”) was returned to the landlord upon the expiry of the lease. Nonetheless, the Group recorded a turnover of approximately HK\$56.9 million for the Period, representing an increase of approximately 4.2% from approximately HK\$54.6 million in corresponding period in last year due to the increase in customer visit to the restaurants.

Combining with the release of second instalment on 2023 CVS in July 2023, we believe the consumer sentiment can be maintained and the business environment would be benefited. We will continue to locate more restaurant in suitable areas and focus on delivering exceptional customer experience by providing variety of dishes to the public.

As at the date of this report, the Group operated 11 restaurants serving various cuisines in Hong Kong, including two 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” brands serving modern and trendy western food along with specialty meat cuts, two Japanese specialty restaurants under our “Hana” brand serving “Nabemono” — Japanese hot pot dishes such as Sukiyaki, Shabu Shabu and Seiromushi and four restaurants under the “犇殿” brand serving Taiwanese hotpot.

## FINANCIAL REVIEW

### Revenue

Our revenue is mainly derived from restaurant operations. The revenue increased by approximately HK\$2.3 million, or 4.2%, from approximately HK\$54.6 million for the three months ended 30 June 2022 to approximately HK\$56.9 million for the three months ended 30 June 2023 mainly due to the increase in number of customer visits to the Group's restaurants under the recovery from the COVID-19 Pandemic and the opening of the restaurant operating under the brand “犇殿” located at Maritime Square, Tsing Yi (“犇殿(TY)”) since July 2022, which was partially offset by the closure of the restaurants operating under the brand “Marbling” located at Causeway Bay (“MBL”) and MS(KF) in January 2023 and May 2023, respectively.

### Cost of inventories sold

Cost of inventories sold is a major component of our operating expenses and comprises mainly cost of food ingredients and beverages. For the three months ended 30 June 2023, our cost of inventories sold amounted to approximately HK\$20.4 million, representing an increase of approximately HK\$0.3 million, or 1.5%, from approximately HK\$20.1 million for the three months ended 30 June 2022. The increase in cost of inventories sold was mainly due to the increase in food consumption under the increase in number of customer visits to the Group's restaurants under the recovery from the COVID-19 Pandemic and the opening of 犇殿 (TY) since July 2022, which was partially offset by the closure of MBL and MS(KF) in January 2023 and May 2023, respectively.

## **Gross profit and gross profit margin**

Our gross profit for the three months ended 30 June 2023 amounted to approximately HK\$36.5 million, representing an increase of approximately HK\$2.0 million, or 5.8%, from approximately HK\$34.5 million for the three months ended 30 June 2022. The increase in gross profit was mainly due to the factors as discussed above.

The overall gross profit margin increased from approximately 63.2% for the three months ended 30 June 2022 to approximately 64.1% for the three months ended 30 June 2023. The increase in overall gross profit margin was mainly affected by the increase in our menu price to offset the increase in food costs under the inflation.

## **Other revenue and other income**

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

Other revenue and other income decreased from at approximately HK\$1.7 million for the three months ended 30 June 2022 to approximately HK\$24,000 for the three months ended 30 June 2023, which was mainly due to the decrease in government subsidies from approximately HK\$1.2 million for the three months ended 30 June 2022 to Nil for the three months ended 30 June 2023 since government subsidies pursuant to the Catering Business Subsidy Scheme under the Anti-epidemic Fund were received during the corresponding period last year.

## **Staff costs**

Staff costs comprise salaries and benefits, including wages, salaries, bonuses, staff benefits, retirement benefit scheme contributions for all employees and Directors' remunerations. Our staff costs increased by approximately HK\$5.6 million, or 45.9%, from approximately HK\$12.2 million for the three months ended 30 June 2022 to approximately HK\$17.8 million for the three months ended 30 June 2023. The increase in staff costs was mainly due to the combined effect of (a) the recognition of government subsidies from 2022 Employment Support Scheme under the Anti-epidemic Fund in the corresponding period in last year; (b) the opening of 犇殿 (TY) since July 2022; and partially offset by the closure of MBL and MS(KF) since January 2023 and May 2023, respectively.

## **Depreciation**

Depreciation comprises depreciation for right-of-use assets, leasehold improvement, furniture and fixtures, catering and other equipment. Depreciation maintained at approximately HK\$9.3 million and HK\$9.4 million for the three months ended 30 June 2022 and 2023, respectively.

## **Rentals and related expenses**

Rentals and related expenses primarily represent the turnover rent, low value and short-term lease payments, government rates and property management fee paid for our restaurants and office premises. Our rental and related expense decreased from approximately HK\$3.7 million for the three months ended 30 June 2022 to approximately HK\$3.5 million for the three months ended 30 June 2023. The decrease was mainly due to the opening of 犇殿 (TY) since July 2022, which was partially offset by the closure of MBL and MS(KF) in January 2023 and May 2023, respectively.

## **Fuel and utility expenses**

Fuel and utility expenses primarily consist of expenses incurred for electricity, gas and water utilities. Our fuel and utility expenses increased from approximately HK\$1.3 million for the three months ended 30 June 2022 to approximately HK\$1.6 million for the three months ended 30 June 2023, which was mainly due to the increase in customer visits to the Group's restaurants that more fuel and utility were used and also the upward adjustment of electricity tariffs by electricity suppliers since year 2023.

## **Administrative expenses**

Administrative expenses mainly include credit card handling charges, advertising and promotion expenses for our brands, cleaning expenses for both our restaurants and office premises, consumables for our restaurant operations, legal and professional fees and insurance. Our administrative expenses increased by approximately HK\$0.3 million, or 6.4%, from approximately HK\$4.7 million for the three months ended 30 June 2022 to approximately HK\$5.0 million for the three months ended 30 June 2023. The increase in administrative expenses was mainly due to the recognition of reinstatement cost for MS (KF) upon the closure in May 2023.

## **Finance costs**

Finance costs mainly represent interest on our bank borrowings and interest on lease liabilities. Our finance costs decreased by approximately HK\$0.2 million from approximately HK\$1.0 million for the three months ended 30 June 2022 to approximately HK\$0.8 million for the three months ended 30 June 2023, which was mainly due to (a) the net increase in interest on lease liabilities upon the operation of 犇殿 (TY) since July 2022 and the closure of MBL and MS(KF) since January 2023 and May 2023, respectively; and (b) the decrease in finance costs under the repayment of principals of bank borrowings.

## **Income tax expenses**

Our restaurant operations in Hong Kong are subject to Hong Kong Profits Tax of 8.25% on estimated assessable profits up to HK\$2 million and 16.5% on any part of the estimated assessable profits over HK\$2 million arising in Hong Kong for the three months ended 30 June 2022 and 2023.

No income tax was recognised for the three months ended 30 June 2023 was due to the existence of unutilised tax loss brought forward.

## **(Loss)/profit for the period**

During the three months ended 30 June 2023, the Group recorded a loss of approximately HK\$1.7 million as compared to a profit of approximately HK\$4.1 million recorded for the three months ended 30 June 2022. The loss for the period was mainly due to the combined effects as discussed above.

## **CHARGES ON ASSETS**

As at 30 June 2023, the pledged bank deposits of the Group were approximately HK\$2.0 million (31 March 2023: approximately HK\$2.0 million).

## **MATERIAL ACQUISITIONS AND DISPOSALS**

The Group did not have any significant investment, material acquisitions and disposals of subsidiaries and associated companies during the three months ended 30 June 2023.

## **FOREIGN CURRENCY**

During the three months ended 30 June 2023, most of the transactions of the Group were denominated and settled in Hong Kong dollars, the functional and reporting currency of the Group.

The Group does not have a significant foreign exchange exposure and has currently not implemented any foreign currency hedging policy. The management will consider hedging against significant foreign exchange exposure should the need arise.

## **CAPITAL COMMITMENT**

As at 30 June 2023, the Group did not have any material capital commitment (31 March 2023: Nil).

## **CONTINGENT LIABILITIES**

As at 30 June 2023, the Group did not have any material contingent liabilities (31 March 2023: Nil).

## **CAPITAL STRUCTURE**

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

## **DIVIDEND**

The Board has resolved not to declare the payment of a dividend for the three months ended 30 June 2023 (2022: Nil).

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### DISCLOSURE OF INTERESTS

#### (a) Interests and short positions of Directors and the chief executives in the shares, underlying shares and debentures of the Company and its associated corporations

As at 30 June 2023, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”), which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

#### *Long positions in the Shares*

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

Notes:

1. On 23 November 2017, Mr. Kwong, Ms. Ingrid Ip, Ms. Kwong, Mr. Joseph Kwong and Ms. Melanie Kwong entered into a concert party deed (the “**Concert Party Deed**”) to acknowledge and confirm that, among other things, each of them has acted and shall continue to act in concert in respect of each of Meric Investment Limited, Lord Master Limited and the Company. Details of the Concert Party Deed are set out in the section headed “History, Development and Reorganisation — Parties acting in concert” in the Prospectus. As such, pursuant to the parties acting in concert arrangement, each of Mr. Kwong, Ms. Ingrid Ip, Ms. Kwong, Mr. Joseph Kwong and Ms. Melanie Kwong is deemed to be interested in the Shares registered in the name of Future More (i.e. 75% of the issued Shares) by virtue of the SFO. Mr. Kwong is the Chairman, an executive Director and the CEO and Ms. Kwong is an executive Director.
2. As at 30 June 2023, (i) Future More held 750,000,000 Shares and Future More was owned as to 14% by Mr. Kwong, 18% by Ms. Ingrid Ip, 18% by Ms. Kwong, 25% by Mr. Joseph Kwong and 25% by Ms. Melanie Kwong respectively; and (ii) Mr. Kwong was the sole director of Future More.
3. These percentages are calculated on the basis of 1,000,000,000 Shares in issue as at 30 June 2023.

#### *Long positions in the shares of associated corporation*

<b>Name of Directors</b>	<b>Name of associated corporation</b>	<b>Capacity/nature of interest</b>	<b>Number of shares held</b>	<b>Percentage of shareholding</b>
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 30 June 2023, none of the Directors and chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

**(b) Interests and short positions of substantial shareholders and other persons in the Shares and underlying Shares**

As at 30 June 2023 and so far as is known to the Directors, the following entity(ies) or person(s) (other than the Directors or chief executive of the Company) had interests and short positions in the Shares or underlying Shares, which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or as recorded in the register of the Company required to be kept under Section 336 of the SFO were as follows:

*Long positions in the Shares*

<b>Name of substantial shareholder</b>	<b>Capacity/ Nature of interests</b>	<b>Number of Shares held</b>	<b>Percentage of shareholding</b> (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:

1. Pursuant to the Concert Party Deed, Mr. Kwong, Ms. Ingrid Ip, Ms. Kwong, Mr. Joseph Kwong and Ms. Melanie Kwong have agreed to acknowledge and confirm that, among other things, each of them has acted and will continue to act in concert in respect of each of Meric Investment Limited, Lord Master Limited and the Company. Details of the Concert Party Deed are set out in the section headed "History, Development and Reorganisation — Parties acting in concert" in the Prospectus. As such, pursuant to the parties acting in concert arrangement, each of Mr. Kwong, Ms. Ingrid Ip, Ms. Kwong, Mr. Joseph Kwong and Ms. Melanie Kwong is deemed to be interested in the Shares registered in the name of Future More (i.e. 75% of the issued Shares by virtue of the SFO).
2. Future More is a company incorporated in the BVI. As at 30 June 2023, Future More was owned as to 14% by Mr. Kwong, 18% by Ms. Ingrid Ip, 18% by Ms. Kwong, 25% by Mr. Joseph Kwong and 25% by Ms. Melanie Kwong, respectively.
3. These percentages are calculated on the basis of 1,000,000,000 Shares in issue as at 30 June 2023.

Save as disclosed above, as at 30 June 2023, the Directors were not aware of any interests or short positions owned by any entities or persons (other than the Directors or chief executive of the Company) in the Shares or underlying Shares, which were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company under Section 336 of the SFO.

### **SHARE OPTION SCHEME**

A share option scheme (the “**Share Option Scheme**”) was conditionally approved by the then shareholder of the Company and adopted by the Company on 23 March 2018. The Share Option Scheme became effective on the Listing Date. For the principal terms of the Share Option Scheme, please refer to “D. Share Option Scheme” in Appendix IV to the Prospectus.

No share options have been granted by the Company under the Share Option Scheme since its adoption and therefore, as at 30 June 2023, there were no outstanding share options and no share options were exercised or cancelled or lapsed during the period.

### **DIRECTORS’ RIGHTS TO ACQUIRE SHARES AND DEBENTURES**

Other than the Share Option Scheme, at no time during the three months ended 30 June 2023 was the Company, any of its holding company, or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

The Company did not redeem any of its securities listed and traded on the Stock Exchange, nor did the Company or any of its subsidiaries purchase or sell any of such securities during the three months ended 30 June 2023.

## **COMPETITION AND CONFLICT OF INTERESTS**

The Directors are not aware of any business and interest of the Directors nor the controlling shareholders (as defined in the GEM Listing Rules) of the Company or any of their respective close associates (as defined in the GEM Listing Rules) that competed or might compete, directly or indirectly, with the business of the Group and any other conflict of interests which any such person had or might have with the Group during the three months ended 30 June 2023.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standard of dealings and the code of conduct concerning securities transactions by the Directors during the three months ended 30 June 2023.

## **CORPORATE GOVERNANCE PRACTICES**

The Board recognises the importance of incorporating elements of good corporate governance in the management structures, internal control and risk management procedures of the Group so as to achieve effective accountability. In the opinion of the Board, the Company has adopted and complied with all applicable code provisions as set out in the CG Code during the period and thereafter up to 10 August 2023, being the date of this report, except for the following code provision C.2.1 of the CG Code under Appendix 15 of the GEM Listing Rule.

### **Chairman and Chief Executive**

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the three months ended 30 June 2023, Mr. Kwong was the Chairman and the CEO. In view of the fact that Mr. Kwong has been operating and managing the Group since 2000, the Board believes that it is in the best interest of the Group to have Mr. Kwong taking up both roles for effective management and business development. Therefore, our Board considers that the deviation from code provision C.2.1 of the CG Code is appropriate in such circumstance.

## SUFFICIENCY OF PUBLIC FLOAT

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

## AUDIT COMMITTEE

The financial information in this report has not been audited by the independent auditors of the Company. Pursuant to Rule 5.28 of the GEM Listing Rules and code provision D.3 of the CG Code, the Company established the audit committee (the “**Audit Committee**”) with written terms of reference aligned with the provision of the code provisions set out in the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control and risk management systems of the Group. As at the date of this report, the Audit Committee comprises Mr. Lai Ming Fai Desmond (chairman), Dr. Cheng Lee Lung and Mr. Kwok Yiu Chung, all being the independent non-executive Directors.

The Audit Committee has reviewed the unaudited condensed consolidated results of the Group for the three months ended 30 June 2023 and this report and is of the opinion that the relevant unaudited condensed consolidated financial statements have been prepared in compliance with the applicable accounting standards and the requirements under the GEM Listing Rules, and that adequate disclosures have been made.

## SUBSEQUENT EVENTS AFTER THE THREE MONTHS ENDED 30 JUNE 2023

No events that had a significant impact on the Group have occurred since 30 June 2023 and up to the date of this report.

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

Hong Kong, 10 August 2023