

# MS CONCEPT LIMITED

(Incorporated in the Cayman Islands with limited liability)  
Stock Code: 8447



# 2019

First Quarterly Report

**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.*



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## 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

### COMPLIANCE ADVISER

Alliance Capital Partners Limited

### 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 2313, 23/F,

Hong Kong Plaza

186-191 Connaught Road West

Hong Kong

**REGISTERED OFFICE**

Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

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

Conyers Trust Company (Cayman) Limited  
Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

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

Tricor Investor Services Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
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 2019:

- our revenue was approximately HK\$59.8 million, representing a decrease of approximately HK\$6.8 million, or 10.2%, from approximately HK\$66.6 million for the three months ended 30 June 2018.
- we recorded a net profit of approximately HK\$0.6 million, representing a decrease of approximately HK\$1.3 million, or 68.4%, from the net profit of approximately HK\$1.9 million for the three months ended 30 June 2018, which excluded a non-recurring initial public offering (the “**IPO**”) listing and related expenses of approximately HK\$7.3 million.
- 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 2019, together with the comparative unaudited figures for the three months ended 30 June 2018 and certain comparative audited figures as at 31 March 2019. 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 2019

	Notes	Three months ended 30 June	
		2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
<b>Revenue</b>	4	<b>59,835</b>	66,627
Cost of inventories sold		<b>(19,363)</b>	(22,071)
<b>Gross profit</b>		<b>40,472</b>	44,556
Other revenue and other income		<b>235</b>	341
Staff costs		<b>(18,906)</b>	(19,401)
Depreciation of property, plant and equipment		<b>(10,496)</b>	(1,439)
Rentals and related expenses		<b>(3,340)</b>	(13,943)
Fuel and utility expenses		<b>(1,285)</b>	(1,358)
Administrative expenses		<b>(5,073)</b>	(6,487)
Listing expenses		<b>–</b>	(7,293)
Finance costs		<b>(935)</b>	(198)
<b>Profit/(loss) before tax</b>	5	<b>672</b>	(5,222)
Income tax expenses	6	<b>(111)</b>	(181)
<b>Profit/(loss) and total comprehensive income/(loss) for the period</b>		<b>561</b>	(5,403)
<b>Profit/(loss) and total comprehensive income/(loss) for the period attributable to:</b>			
Owners of the Company		<b>561</b>	(5,403)
<b>Earnings/(loss) per share</b>			
Basic and diluted (HK cents)	7	<b>0.06</b>	(0.56)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2019

	Share capital HK\$'000	Share premium HK\$'000	Retained earnings/ (Accumulated loss) HK\$'000	Total HK\$'000
At 1 April 2019 (audited)	10,000	46,939	4,762	61,701
Profit and total comprehensive income for the period	-	-	561	561
<b>At 30 June 2019 (unaudited)</b>	<b>10,000</b>	<b>46,939</b>	<b>5,323</b>	<b>62,262</b>
At 1 April 2018 (audited)	-	-	3,988	3,988
Issuance of shares pursuant to Capitalisation Issue (Note (i))	7,500	(7,500)	-	-
Issuance of new shares pursuant to Share Offer (Note (ii))	2,500	65,000	-	67,500
Share issuing expenses	-	(10,561)	-	(10,561)
Loss and total comprehensive loss for the period	-	-	(5,403)	(5,403)
At 30 June 2018 (unaudited)	10,000	46,939	(1,415)	55,524

Notes:

- (i) Pursuant to the written resolution dated 23 March 2018 and upon the share premium account of the Company being credited as a result of the Share Offer as defined in the Prospectus dated 29 March 2018 (the "**Prospectus**"), an amount standing to the credit of the share premium account was capitalized and applied in paying up in full 749,999,900 shares at par for allotment and issue to Future More Limited ("**Future More**"), whose name appeared on the register of members of the Company at the close of business on the business day immediately before the listing on GEM on 16 April 2018, to maintain its aggregate shareholding in the Company at a percentage of 75% of the enlarged issued share capital of the Company (the "**Capitalisation Issue**").
- (ii) On 16 April 2018, the Company issued a total of 250,000,000 additional shares upon the Share Offer as defined in the Prospectus and the issued shares (the "**Shares**") were successfully listed on GEM.



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 8 November 2017 as an exempted company with limited liability under the Companies Law, Cap. 22 of the Cayman Islands. The issued Shares have been listed and traded on GEM by way of Share Offer as stated in 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 2313, 23/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, 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 2019 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 2019 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 2019 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 2019 (the "**2019 Financial Statements**") included in the annual report of the Company dated 30 May 2019. The accounting policies adopted are consistent with those applied in the 2019 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, except HKFRS 16, *Leases*, ("**HKFRS 16**") which are effective for the financial year beginning on or after 1 January 2019.

### **Impact on adoption of HKFRS 16**

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 superseded HKAS 17 *Leases* and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for lease and interest payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the operating lease payments of the Group are presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability have been allocated into a principal and an interest portion which is presented as financing cash flows by the Group.

The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. As disclosed in the 2019 Financial Statements, the Group had non-cancellable operating lease commitments of approximately HK\$65.3 million at 31 March 2019. Upon the application of HKFRS 16, the Group recognised a right-of-use asset and a corresponding liability in respect of all these leases amounted to approximately HK\$62.9 million and HK\$61.1 million, respectively, except those qualified for low value or short-term leases.

Except for HKFRS 16, the Directors do not anticipate that the application of other new and revised HKFRSs have a material impact on the Group's financial performance and financial positions. The Group has not adopted or early adopted the new and revised HKFRSs (including their consequential amendments) which are relevant to the Group that have been issued but are not yet effective in the preparation of these unaudited condensed consolidated results.

### 3. SEGMENT INFORMATION

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

### 4. REVENUE

Revenue represents amounts received and receivable from restaurant operations and sales of food, net of discounts. An analysis of revenue is as follows:

	Three months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Restaurant operations	59,263	66,054
Sales of food	572	573
	<b>59,835</b>	66,627

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

Profit/(loss) before tax has been arrived at after charging:

	Three months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Cost of inventories sold	19,363	22,071
Depreciation of property, plant and equipment	10,496	1,439
Loss on disposal and write-off of property, plant and equipment	2	9
Lease payments under operating leases in respect of restaurants and office premises:		
— Minimum lease payments	—	9,486
— Contingent rents	424	1,429
	<b>424</b>	10,915
Employee benefit expenses (including Directors' remuneration):		
— Salaries and other allowances	17,602	17,970
— Staff benefits	516	574
— Retirement benefit scheme contributions	788	857
	<b>18,906</b>	19,401
Listing expenses	—	7,293

## 6. INCOME TAX EXPENSE

	Three months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax:		
— Hong Kong Profits Tax	111	181

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 for the three months ended 30 June 2018 and 2019.

## 7. EARNINGS/(LOSS) PER SHARE

	Three months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Earnings/(loss) per share		
— Earnings/(loss) for the purpose of basic and diluted earnings per share	561	(5,403)
	2019	2018
	'000	'000
	(unaudited)	(unaudited)
Number of Shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	1,000,000	958,791

The calculation of basic earnings/(loss) per share for the three months ended 30 June 2018 and 2019 is based on the profit/(loss) attributable to owners of the Company for the three months ended 30 June 2018 and 2019.

For the three months 30 June 2018, the weighted average number of ordinary shares for the purpose of calculating basic earnings per share have been adjusted for the effect of Share Offer completed on 16 April 2018.

No adjustment has been made to the basic earnings/(loss) per share presented for the three months ended 30 June 2018 and 2019 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 2019.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW AND OUTLOOK

In the first quarter of year 2019/2020, Hong Kong economy was affected by weaker performance of global economy and a challenging external environment. Especially, the uncertainties stemming from the United States-Mainland trade tensions continued to affect the economic environment in Hong Kong and public consumption sentiment became more cautious. Recently, large scale public activities have created an unfavorable effect on the consumption market in Hong Kong, especially Causeway Bay where we have 3 restaurants in operation. During the three months ended 30 June 2019, we recorded a revenue of approximately HK\$59.8 million, representing a decrease of approximately 10.2% from approximately HK\$66.6 million for the three months ended 30 June 2018. Our profit was approximately HK\$0.6 million, representing a decrease of approximately HK\$1.3 million, or 68.4%, from approximately HK\$1.9 million for the three months ended 30 June 2018 after the exclusion of the non-recurring IPO listing and related expenses.

During the three months ended 30 June 2019, the Group continued to engage in the provision of casual dining in Hong Kong. Upon the closure of 2 restaurants located at Shatin and Lee Theatre Plaza in Causeway Bay in April 2018 and November 2018, respectively, our experienced management team is actively looking for suitable locations and opportunities to expand our restaurant network in Hong Kong. Our new restaurant operated under the brand “Hana” located at Citygate in Tung Chung, Hong Kong (“**Hana(TC)**”) is estimated to commence commercial operation in August 2019. We believe that the opening of Hana (TC) will not only provide our Group an additional income stream, but also further expand our footprint in Hong Kong.

Up to the date of this report, we owned and operated 11 restaurants serving various cuisines in Hong Kong, including five restaurants serving various western cuisine along with our signature steak under our “Mr. Steak” brand, one buffet restaurant serving international cuisine under our “Mr. Steak — Buffet à la minute” brand, two restaurants under our “Sky Bar” brand offering western cuisine along with our signature seafood dishes and a wide selection of wines and cocktails, two western specialty restaurants under our “Bistro Bloom” and “Bistro Bloom/Marbling” brands serving modern and trendy western food along with specialty meat cuts, and one Japanese specialty restaurant under our “Hana” brand serving “Nabemono” — Japanese hot pot dishes such as Sukiyaki, Shabu Shabu and Seiromushi.

## FINANCIAL REVIEW

### Revenue

Our revenue is mainly derived from restaurant operations. For the three months ended 30 June 2019, our revenue achieved approximately HK\$59.8 million, representing a decrease of approximately HK\$6.8 million, or 10.2%, from approximately HK\$66.6 million for the three months ended 30 June 2018. The decrease in revenue was mainly due to the decrease in number of customer visits of our restaurants under the more cautious public consumption sentiment during the period.

### 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 2019, our cost of inventories sold amounted to approximately HK\$19.4 million, representing a decrease of approximately HK\$2.7 million, or 12.2%, from approximately HK\$22.1 million for the three months ended 30 June 2018. The decrease in cost of inventories sold was mainly due to the corresponding decrease in revenue attributable to the decrease in number of customer visits of our restaurants.

### Gross profit and gross profit margin

Our gross profit for the three months ended 30 June 2019 amounted to approximately HK\$40.5 million, representing a decrease of approximately HK\$4.1 million, or 9.2%, from approximately HK\$44.6 million for the three months ended 30 June 2018. The decrease in gross profit was mainly due to the decrease in revenue of our restaurants under more cautious public consumption sentiment during the period.

The overall gross profit margin increased from approximately 67.0% for the three months ended 30 June 2018 to approximately 67.7% for the three months ended 30 June 2019. The increase in overall gross profit margin was mainly due to the closure of Sky Bar at Lee Theatre Plaza in Causeway Bay ("**SB(CWB)**"), which had a lower gross profit margin, in November 2018.

### Other revenue and other income

Other revenue and other income primarily consist of tips income, sponsorship income and sundry income.

### **Staff costs**

Staff costs comprise salaries and benefits, including wages, salaries, bonuses, staff benefits, retirement benefit scheme contributions for all employees and Directors' remunerations. Our staff costs decreased by approximately HK\$0.5 million, or 2.6%, from approximately HK\$19.4 million for the three months ended 30 June 2018 to approximately HK\$18.9 million for the three months ended 30 June 2019. The decrease in staff costs was mainly due to the closure of SB(CWB) in November 2018.

For the three months ended 30 June 2018 and 2019, our staff costs represented approximately 29.1% and 31.6% of our revenue, respectively. The increase in staff costs as a percentage of revenue was mainly due to the adjustment of staff salaries in February 2019.

### **Depreciation of property, plant and equipment**

Depreciation of property, plant and equipment comprises depreciation for right-of-use asset, leasehold improvement, furniture and fixtures, catering and other equipment. Depreciation of property, plant and equipment increased by approximately HK\$9.1 million from approximately HK\$1.4 million for the three months ended 30 June 2018 to approximately HK\$10.5 million for the three months ended 30 June 2019, which was mainly due to the recognition of right-of-use asset upon the adoption of HKFRS 16 for our financial period beginning on 1 April 2019.

### **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 by approximately HK\$10.6 million, or 76.3%, from approximately HK\$13.9 million for the three months ended 30 June 2018 to approximately HK\$3.3 million for the three months ended 30 June 2019. The decrease in rental and related expenses was mainly due to the adoption of HKFRS 16 during the financial period beginning on 1 April 2019 where the lease payments were offset against the lease liabilities recognised in the consolidated statement of financial position instead of charging to profit or loss as rental expenses for the three months ended 30 June 2019.

### **Fuel and utility expenses**

Fuel and utility expenses primarily consist of expenses incurred for electricity, gas and water utilities. Our fuel and utility expenses decreased by approximately HK\$0.1 million, or 7.1%, from approximately HK\$1.4 million for the three months ended 30 June 2018 to approximately HK\$1.3 million for the three months ended 30 June 2019. The decrease in fuel and utility expenses was mainly due to the closure of SB (CWB) in November 2018. For the three months ended 30 June 2018 and 2019, our fuel and utility expenses represented approximately 2.1% and 2.2% of our revenue, respectively.

### **Administrative expenses**

Administrative expenses mainly include credit card handling charges, advertising and promotion expenses for our brands, cleaning expenses for both our restaurants and office premises, consumables for our restaurant operations, legal and professional fees and insurance. Our administrative expenses decreased by approximately HK\$1.4 million, or 21.5%, from approximately HK\$6.5 million for the three months ended 30 June 2018 to approximately HK\$5.1 million for the three months ended 30 June 2019. The decrease in administrative expenses was mainly due to decrease in professional expenses where higher professional expenses were incurred in the first year of listing for the three months ended 30 June 2018.

### **Finance costs**

Finance costs mainly represent interest on our bank borrowings and interest on lease liabilities. Our finance costs increased by approximately HK\$0.7 million from approximately HK\$0.2 million for the three months ended 30 June 2018 to approximately HK\$0.9 million for the three months ended 30 June 2019 was mainly due to the recognition of interest on lease liabilities upon the incurred of HKFRS 16 during the three months ended 30 June 2019.

### **Income tax expense**

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 2018 and 2019.

Our income tax expenses remained stable at approximately HK\$0.2 million and HK\$0.1 million for the three months ended 30 June 2018 and 2019, respectively. Excluding the IPO listing and related expenses, our profit from operations before taxation amounted to approximately HK\$2.1 million and HK\$0.7 million and the effective tax rate was approximately 9.5% and 14.3% for the three months ended 30 June 2018 and 2019, respectively. The increase in effective tax rate was mainly due to the inclusion of certain operating expenses in the holding company which is non-deductible for taxation purpose.



### **Profit/(loss) for the period**

During the three months ended 30 June 2019, we recorded a profit for the period of approximately HK\$0.5 million. Excluding the non-recurring IPO listing and related expenses, our net profit from operation amounted to approximately HK\$1.9 million for the three months ended 30 June 2018. The decrease in operating profit for the three months ended 30 June 2019 was mainly due to the combined effect as discussed above.

### **CHARGES ON ASSETS**

As at 30 June 2019, the pledged bank deposits of the Group were approximately HK\$2.0 million (31 March 2019: 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 2019.

### **FOREIGN CURRENCY**

During the three months ended 30 June 2019, 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 2019, the Group did not have any material capital commitment (31 March 2019: Nil).

### **CONTINGENT LIABILITIES**

At 30 June 2019, the Group did not have any material contingent liabilities (31 March 2019: 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 2019 (2018: Nil).

## SUBSEQUENT EVENTS AFTER THE THREE MONTHS ENDED 30 JUNE 2019

No events that had a significant impact on the Group have occurred since 30 June 2019 and up to the date of this report.

## 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 2019, 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%

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 2019, (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 2019.

*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	Beneficial owner	14	14%
Ms. Kwong	Future More	Beneficial owner	18	18%

Save as disclosed above and so far as is known to the Directors, as at 30 June 2019, 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 2019 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%

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 2019, 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 2019.

Save as disclosed above, as at 30 June 2019, 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 2019, 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 2019 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 Period.

## 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 2019.

## 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 2 August 2019, being the date of this report, except for the following code provision A.2.1 of the CG Code under Appendix 15 of the GEM Listing Rule.

### **Chairman and Chief Executive**

Code provision A.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 Period, 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 A.2.1 of the CG Code is appropriate in such circumstance.

### **SUFFICIENCY OF PUBLIC FLOAT**

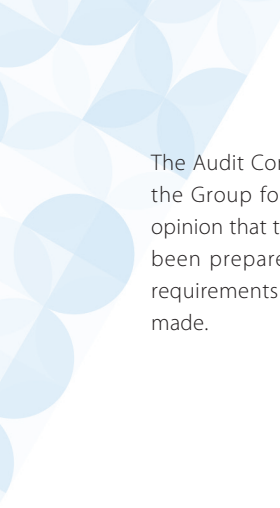
Based on the information that is publicly available to the Company and within knowledge of the Directors, the Company has maintained the prescribed public float under the GEM Listing Rules as at the date of this report.

### **INTERESTS OF THE COMPLIANCE ADVISER**

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Alliance Capital Partners Limited ("**ACP**") to be the compliance adviser. As at 30 June 2019, neither ACP nor any of its directors or employees or associates has or may have any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities), pursuant to Rule 6A.32 of the GEM Listing Rules.

### **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 C.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 2019 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.

By order of the Board

**MS Concept Limited**

**Kwong Tai Wah**

*Chairman and Executive Director*

Hong Kong, 2 August 2019