



THIRD
QUARTERLY
REPORT



MS CONCEPT LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8447

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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

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

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186–191 Connaught Road West
Hong Kong

REGISTERED OFFICE

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P. O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
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COMPANY WEBSITE

www.mrsteak.com.hk

GEM STOCK CODE

8447

FINANCIAL HIGHLIGHTS

For the nine months ended 31 December 2022:

- our revenue achieved approximately HK\$189.9 million, representing an increase of approximately HK\$5.0 million, or 2.7%, from approximately HK\$184.9 million for the nine months ended 31 December 2021;
- we recorded a net profit of approximately HK\$8.8 million, representing an increase of approximately HK\$4.5 million, or 104.7%, from approximately HK\$4.3 million for the nine months ended 31 December 2021;
- the board of Directors (the “**Board**”) has resolved not to declare the payment of a dividend.

THIRD 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 nine months ended 31 December 2022, together with the comparative unaudited figures for the nine months ended 31 December 2021 and certain comparative audited figures as at 31 March 2022. The financial information is as follows:

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

For the three months and nine months ended 31 December 2022

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Revenue	4	69,099	63,506	189,884	184,884
Cost of inventories sold		(23,372)	(24,406)	(68,519)	(67,527)
Gross profit		45,727	39,100	121,365	117,357
Other revenue and other income		125	409	2,288	903
Staff costs		(19,771)	(18,106)	(49,430)	(51,204)
Depreciation of property, plant and equipment		(10,607)	(8,975)	(30,076)	(29,017)
Rentals and related expenses		(4,032)	(4,129)	(11,701)	(10,902)
Fuel and utility expenses		(1,711)	(1,369)	(4,682)	(3,888)
Administrative expenses		(5,816)	(5,207)	(16,163)	(15,611)
Finance costs		(878)	(698)	(2,851)	(2,279)
Profit before tax	5	3,037	1,025	8,750	5,359
Income tax expenses	6	-	(289)	-	(1,064)
Profit and total comprehensive income for the period		3,037	736	8,750	4,295
Profit and total comprehensive income for the period attributable to:					
Owners of the Company		3,037	736	8,750	4,295
Earnings per share					
Basic and diluted (HK cents)	7	0.30	0.07	0.88	0.43

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2022

	Share capital HK\$'000	Share premium HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 April 2022 (audited)	10,000	31,939	804	42,473
Profit and total comprehensive income for the period	-	-	8,750	8,750
At 31 December 2022 (unaudited)	10,000	31,939	9,554	51,223
At 1 April 2021 (audited)	10,000	31,939	5,699	47,638
Profit and total comprehensive income for the period	-	-	4,295	4,295
At 31 December 2021 (unaudited)	10,000	31,939	9,994	51,933

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 (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 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.

Pursuant to a group reorganisation to rationalise the structure of the Group in preparation for the Listing (the **"Reorganisation"**), the Company became the holding company of the Group. Details of the Reorganisation are set out in the section headed "History, Development and Reorganisation" in the Prospectus dated 29 March 2018 for our Listing (the **"Prospectus"**).

The unaudited condensed consolidated financial statements of the Group for the nine months ended 31 December 2022 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

(a) Basic of preparation

The unaudited condensed consolidated financial statements of the Group for the nine months ended 31 December 2022 have been prepared under the historical cost basis and in accordance with accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

The unaudited consolidated financial statements for the nine months ended 31 December 2022 have not been audited by the Company's auditors, but have been reviewed by the audit committee of the Company (the "**Audit Committee**"). The Audit Committee agreed with the accounting principles and practices adopted by the Company.

The unaudited condensed consolidated financial statements of the Group for the nine months ended 31 December 2022 do not include all the information and disclosures required in the annual financial statements and therefore should be read in conjunction with the audited annual consolidated financial statements of the Group for the year ended 31 March 2022 (the "**2022 Financial Statements**") included in the annual report of the Company dated 24 June 2022. The accounting policies adopted are consistent with those applied in the 2022 Financial Statements, which have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (collectively referred to as the "**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), except those discussed below.

(b) Application of new and revised HKFRSs

In the current period, the Group has applied, for the first time, the following new and revised standards, amendments and Interpretations (collectively referred to as the "**new and revised HKFRSs**") issued by the HKICPA, which are effective for the Group's financial period beginning from 1 April 2022. A summary of the new and revised HKFRSs applied by the Group is set out as follows:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

The application of other new and revised HKFRSs has no material impact on the Group's financial performance and financial position for the current and/or prior periods and/or on the disclosure set out in the unaudited condensed consolidated financial statements.

The Group has not applied any new and revised HKFRSs that have been issued but not yet effective for the current accounting period.

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, net of discounts. An analysis of revenue is as follows:

	Three months ended 31 December		Nine months ended 31 December	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Restaurant operations	69,099	63,506	189,884	184,884

The revenue from restaurants operations is recognised at a point in time.

5. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	Three months ended 31 December		Nine months ended 31 December	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Cost of inventories sold	23,372	24,406	68,519	67,527
Depreciation of property, plant and equipment	1,137	895	3,146	2,448
Depreciation of right-of-use assets	9,470	8,080	26,930	26,569
Loss on write-off of property, plant and equipment	3	–	3	22
Expenses related to low-value assets	130	106	370	316
Variable lease payments	706	715	1,846	1,134
Employee benefit expenses (including Directors' remuneration):				
– Salaries and other allowances	18,901	17,250	47,026	48,912
– Staff benefits	54	100	172	217
– Retirement benefit scheme contributions	816	755	2,232	2,075
	19,771	18,105	49,430	51,204

6. INCOME TAX EXPENSES

	Three months ended 31 December 2022		Nine months ended 31 December 2022	
	HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Current tax — Hong Kong Profits Tax				
– provision for the period	-	-	-	-
Deferred tax expense	-	(289)	-	(1,064)
	-	(289)	-	(1,064)

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 and nine months ended 31 December 2021 and 2022.

7. EARNINGS PER SHARE

	Three months ended 31 December 2022		Nine months ended 31 December 2022	
	HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Earnings per share				
– Earnings for the purpose of basic and diluted earnings per share	3,037	736	8,750	4,295
	'000 (unaudited)	'000 (unaudited)	'000 (unaudited)	'000 (unaudited)
Number of Shares				
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	1,000,000	1,000,000	1,000,000	1,000,000

The calculation of basic earnings per share for the three months and nine months ended 31 December 2021 and 2022 is based on the profit attributable to owners of the Company for the three months and nine months ended 31 December 2021 and 2022.

No adjustment has been made to the basic earnings per share presented for the three months and nine months ended 31 December 2021 and 2022 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 nine months ended 31 December 2022 (2021: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

During the nine months ended 31 December 2022 (the “**Period**”), the outbreak of fifth wave of COVID-19 Pandemic continued to affect the business environment in Hong Kong. The catering business was affected by the social distancing measures (the “**Measures**”) launched by the Hong Kong Government, especially the limitation on the maximum number of diners per table and the prohibition on the provision of dine-in services after 6 p.m. by the restaurants, affected the number of customer visits to the Group’s restaurants. The Measures were gradually relaxed since April 2022 following the decrease in number of confirmed cases in Hong Kong and our customer visits were recovering since then.

In April 2022, the Hong Kong Government launched a new round of Consumption Voucher Scheme (the “**2022 CVS**”). Each eligible resident is entitled to receive a maximum of HK\$10,000 consumption vouchers under the 2022 CVS, which stimulated the consumption atmosphere. In July 2022, our new restaurant operating under the brand “**犇殿**” at Maritime Square, Tsing Yi (“**犇殿(TY)**”) commenced operation and provides an additional stream of income to the Group.

As a result, the business performance of the Group’s restaurants improved when compared to corresponding period in last year and the turnover of the Period amounted to approximately HK\$189.9 million, representing an increase of approximately 2.7% from approximately HK\$184.9 million in the corresponding period last year.

Outlook

In late December 2022, the Hong Kong Government removed all Measures, thus there are no more restrictions applicable to the catering business. Combined with the eased travel restrictions between the countries recently, we expect the business environment in Hong Kong will benefit from increasing cross-border activities. In addition, our management team will also consider the global interest and inflation rates’ fluctuations which may affect the global economy and also the operating expenses, including but not limited to the food procurement costs, of our catering business.

As at the date of this report, the Group operated 12 restaurants serving various cuisines in Hong Kong, including three restaurants serving various western cuisine along with the signature steak under the “Mr. Steak” brand, one buffet restaurant serving international cuisine under the “Mr. Steak - Buffet à la minute” brand (“**MS (Buffet)**”), one restaurant under the “Sky Bar” brand offering western cuisine along with the signature seafood dishes and a wide selection of wines and cocktails, one western specialty restaurants under the “Bistro Bloom” brand serving modern and trendy western food along with specialty meat cuts, two Japanese specialty restaurants under our “Hana” brand serving “Nabemono” - Japanese hot pot dishes such as Sukiyaki, Shabu Shabu and Seiomushi and four restaurants under the “**犇殿**” brand serving Taiwanese hotpot.

FINANCIAL REVIEW

Revenue

Our revenue is mainly derived from restaurant operations. For the nine months ended 31 December 2022, our revenue achieved approximately HK\$189.9 million, representing an increase of approximately HK\$5.0 million, or 2.7%, from approximately HK\$184.9 million for the nine months ended 31 December 2021. The increase in revenue was mainly due to the combined effect of (a) the increase in number of customer visits to MS (Buffet) under the relaxation of Measures and the improvement in overall consumer sentiment, which has a higher average spending per customer due to its business nature; (b) the launch of 2022 CVS; (c) the opening of two new restaurants operated under the brand “**犇殿**” located at Olympian City 3, West Kowloon (“**犇殿(OC)**”) and **犇殿(TY)** since August 2021 and July 2022, respectively, and partially offset by the closure of MS(KH) since October 2021.

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 nine months ended 31 December 2022, our cost of inventories sold amounted to approximately HK\$68.5 million, representing an increase of approximately HK\$1.0 million, or 1.5%, from approximately HK\$67.5 million for the nine months ended 31 December 2021. The increase in cost of inventories sold was mainly due to the combined effect of (a) the increase in consumption of food ingredients and beverages under the increase in number of customer visits to MS (Buffet); and (b) the opening of **犇殿(OC)** and **犇殿(TY)** since August 2021 and July 2022, respectively, and partially offset by the closure of MS(KH) since October 2021.

Gross profit and gross profit margin

Our gross profit for the nine months ended 31 December 2022 amounted to approximately HK\$121.4 million, representing an increase of approximately HK\$4.0 million, or 3.4%, from approximately HK\$117.4 million for the nine months ended 31 December 2021. The increase in gross profit was mainly due to the factors as discussed above.

The overall gross profit margin increased from approximately 63.5% for the nine months ended 31 December 2021 to approximately 63.9% for the nine months ended 31 December 2022. The increase in gross profit margin was mainly affected by the increase in number of customer visits to MS(Buffet) which the average food cost per customer was lowered.

Other revenue and other income

Other revenue and other income primarily consist of government subsidy received, rent concession, sponsorship income, tips income, bank interest income and sundry income. Other revenue and other income increased from approximately HK\$0.9 million for the nine months ended 31 December 2021 to approximately HK\$2.3 million for the nine months ended 31 December 2022, which was mainly due to the recognition of government subsidies pursuant to the Catering Business Subsidy Scheme under Sixth Round of the Anti-epidemic Fund.

Staff costs

Staff costs comprise of 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\$1.8 million, or 3.5%, from approximately HK\$51.2 million for the nine months ended 31 December 2021 to approximately HK\$49.4 million for the nine months ended 31 December 2022. The decrease 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; and (b) the closure of a restaurant operated under the brand "Mr. Steak" located at Kornhill Plaza, Taikoo ("**MS(KH)**") in October 2021, offset by the business operation of 犇殿(OC) and 犇殿(TY) since August 2021 and July 2022, respectively.

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment represents depreciation for right-of-use assets, leasehold improvement, furniture and fixtures, catering and other equipment. The depreciation of our property, plant and equipment slightly increased by approximately HK\$1.1 million, from approximately HK\$29.0 million for the nine months ended 31 December 2021 to approximately HK\$30.1 million for the nine months ended 31 December 2022, which was mainly due to the operation of 犇殿(OC) and 犇殿(TY) since August 2021 and July 2022, respectively; and offset by the closure of MS(KH) in October 2021, where a higher depreciation of right-of-use assets was recognised.

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 increased by approximately HK\$0.8 million, or 7.3%, from approximately HK\$10.9 million for the nine months ended 31 December 2021 to approximately HK\$11.7 million for the nine months ended 31 December 2022. The increase in rental and related expenses was mainly due to the improvement in consumption sentiment after the relaxation of Measures and also stimulated by 2022 CVS launched since April 2022, where turnover rent was recorded in certain restaurants of the Group during the Period.

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 by approximately HK\$0.8 million, or 20.5%, from approximately HK\$3.9 million for the nine months ended 31 December 2021 to approximately HK\$4.7 million for the nine months ended 31 December 2022. The increase in fuel and utility expenses was mainly due to the business operation of 犇殿(OC) and 犇殿(TY) since August 2021 and July 2022, respectively, and offset by the closure of MS(KH) in October 2021, where more fuel and utilities were consumed.

Administrative expenses

Administrative expenses mainly include credit card handling charges, advertising and marketing 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\$0.6 million, or 3.8%, from approximately HK\$15.6 million for the nine months ended 31 December 2021 to approximately HK\$16.2 million for the nine months ended 31 December 2022. The increase in administrative expenses was mainly due to the increase in credit card handling charges and cleaning expenses under the increase in turnover and change in number of restaurants with the factors as discussed above.

Finance costs

Finance costs mainly represent interest on our bank borrowings and interest on lease liabilities. Our finance costs increased by approximately HK\$0.6 million from approximately HK\$2.3 million for the nine months ended 31 December 2021 to approximately HK\$2.9 million for the nine months ended 31 December 2022, which was mainly due to the net increase in interest on lease liabilities of existing and renewed tenancy agreements.

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 nine months ended 31 December 2021 and 2022.

During the nine months ended 31 December 2022, no income tax was recognised due to the existence of unutilised tax loss brought forward.

Net profit for the period

Profit for the nine months ended 31 December 2022 was approximately HK\$8.8 million, representing an increase of approximately HK\$4.5 million from approximately HK\$4.3 million for the nine months ended 31 December 2021. The increase in net profit for the Period was mainly due to the combined factors as discussed above.

CHARGES ON ASSETS

As at 31 December 2022, the pledged bank deposits of the Group were approximately HK\$2.0 million (31 March 2022: HK\$2.0 million).

MATERIAL ACQUISITIONS AND DISPOSALS AND SIGNIFICANT INVESTMENTS

The Group did not have any significant investment, material acquisitions and disposals of subsidiaries, associated companies and joint ventures during the nine months ended 31 December 2022.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this report, the Group does not have other plans for material investment or capital assets as at 31 December 2022.

FOREIGN CURRENCY

During the nine months ended 31 December 2022, 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 31 December 2022, the Group did not have any material capital commitment (31 March 2022: Nil).

CONTINGENT LIABILITIES

At 31 December 2022, the Group did not have any material contingent liabilities (31 March 2022: Nil).

DIVIDEND

The Board has resolved not to declare the payment of a dividend for the nine months ended 31 December 2022 (2021: Nil).

USE OF NET PROCEEDS FROM THE LISTING

The net proceeds from the issue of a total of 250,000,000 new Shares at the offer price of HK\$0.27 per Share under the Share Offer (the “**Net Proceeds**”) as set out in the Prospectus, after deducting underwriting commission and other expenses relating to the Listing, amounted to approximately HK\$39.6 million.

On 12 November 2020, the Board resolved to change the use of the unutilized Net Proceeds due to the outbreak of COVID-19 Pandemic that more working capital was required to support the operations of the restaurants. An analysis of the utilization of the Net Proceeds from the Listing to 31 December 2022 is set out below:

Business objective and strategy	Planned amount according to the Prospectus HK\$ million	Revised planned amount of use of proceeds HK\$ million	Actual amount utilised as at 31 December 2022 HK\$ million	Unutilised amount as at 31 December 2022 HK\$ million	Expected timeline for utilising the remaining net proceeds (Notes 1 and 2)
Expanding our restaurant network in strategic locations in Hong Kong	25.1	20.6	20.6 (Note 3)	-	
Maintaining steady food quality by setting up a central kitchen	5.8	-	-	-	
Enhancing and upgrading our restaurant facilities	5.3	3.3	3.3 (Note 4)	-	
Strengthening customer relationship and our brand awareness	2.3	2.3	2.3 (Note 5)	-	
General working capital	1.1	13.4	9.0	4.4	Expected to be fully utilised on or before 31 March 2023
	39.6	39.6	35.2	4.4	

Notes:

1. The expected timeline for utilising the remaining Net Proceeds is made based on the best estimation of the Company taking into account, among others, prevailing and future market conditions and business developments and need, and therefore is subject to change.
2. The unutilised Net Proceeds from the Listing are expected to be used in accordance with the Company's plan as revised and approved by the Board on 12 November 2020, unless the outbreak of COVID-19 continues to affect the business environment of food and beverage industry in Hong Kong.
3. Up to 31 December 2022, approximately HK\$20.6 million of the net proceeds was utilised for the establishment of Hana(TC), 犇殿 (TF), 犇殿 (OC) and 犇殿 (TY). The Group will continue to identify suitable locations fulfilling our expected scale of operations and the expansion will be satisfied by internal resources as and when necessary.
4. Up to 31 December 2022, approximately HK\$3.3 million of the Net Proceeds was utilised for the renovation of the existing restaurants. The Group is assessing and further renovation and refurbishment will be carried out and the amount will be satisfied by internal resources as and when necessary.
5. Up to 31 December 2022, we incurred marketing expenses on the social platforms for the promotion of our brand and restaurants. The Group will continue to solicit appropriate social platforms and marketing agents and the amount will be incurred and satisfied by internal resources as and when necessary.

The Directors will continuously evaluate the Group's business objectives and will change or modify our business plans in response to the changing market conditions to cope with the business growth of the Group.

All the unutilised balances have been placed as deposits in licensed banks in Hong Kong.

SUBSEQUENT EVENTS AFTER THE NINE MONTHS ENDED 31 DECEMBER 2022

In January 2023, the lease of the restaurant operating under the brand "Marbling" located in Causeway Bay cannot be renewed after negotiation with the landlord. The premises had been returned to the landlord upon the lease expiry.

Saved as disclosed above, no event that has a significant impact on the Group has occurred since 31 December 2022 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 31 December 2022, 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

Name of Directors	Capacity/ Nature of interest	Number of Shares held	Percentage of shareholding (Note 3)
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 31 December 2022, (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 31 December 2022.

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	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 31 December 2022, 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 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 31 December 2022 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

Name of substantial shareholder	Capacity/ Nature of interests	Number of Shares held	Percentage of shareholding (Note 3)
Future More (Notes 1 and 2)	Beneficial owner	750,000,000	75%
Ms. Ingrid Ip	Interest in controlled corporation	750,000,000	75%
Mr. Joseph Kwong	Interest in controlled corporation	750,000,000	75%
Ms. Melanie Kwong	Interest in controlled corporation	750,000,000	75%

Notes:

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 31 December 2022, 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 31 December 2022.

Save as disclosed above, as at 31 December 2022, 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 31 December 2022, there were no outstanding share options and no share options were exercised or cancelled or lapsed during the nine months ended 31 December 2022 (the “**Relevant Period**”).

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 Relevant 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 nine months ended 31 December 2022.

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 Corporate Governance Code as contained in Appendix 15 to the GEM Listing Rules (the “**CG Code**”) during the Period and thereafter up to 10 February 2023, being the date of this report, except for the following code provision C.2.1 of the CG Code.

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 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, the 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.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association of the Company or the laws of the Cayman Islands, which oblige the Company to offer new shares of the Company on a pro-rata basis to existing Shareholders.

PURCHASE, SALE OR REDEMPTION OF 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.

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 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 nine months ended 31 December 2022 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, 10 February 2023