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## **MOS HOUSE GROUP LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1653)**

### **DISCLOSABLE TRANSACTION IN RELATION TO RENEWAL OF TENANCY AGREEMENT**

#### **ACQUISITION OF RIGHT-OF-USE ASSETS IN RELATION TO RENEWAL OF TENANCY**

The Board is pleased to announce that on 26 April 2022, Fortune Rich Limited, an indirect wholly-owned subsidiary of the Company, entered into the Tenancy Agreement as tenant with the Landlord, an independent third party, in respect of the Premises for a term of three years commencing on 1 February 2022 and ending on 31 January 2025 (both days inclusive) for the Premises. The tenant received a copy of the signed Tenancy Agreement in mid-May 2022.

#### **LISTING RULES IMPLICATIONS**

In accordance with HKFRS 16 “Leases”, the Company is required to recognize the value of the right-of-use asset on its consolidated statement of financial position in connection with the lease of the Premises under the Tenancy Agreement. Accordingly, the lease transaction under the Tenancy Agreement is regarded as an acquisition of asset by the tenant (i.e. lessee) for the purpose of the Listing Rules.

As one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Tenancy Agreement is more than 5% and below 25%, the Tenancy Agreement constitutes a disclosable transaction for the Company, and is therefore subject to the notification and announcement requirements but exempt from Shareholders’ approval requirement pursuant to Chapter 14 of the Listing Rules.

#### **ACQUISITION OF RIGHT-OF-USE ASSETS IN RELATION TO RENEWAL OF TENANCY AGREEMENT**

The Board is pleased to announce that on 26 April 2022, Fortune Rich Limited, an indirect wholly-owned subsidiary of the Company, entered into the Tenancy Agreement as tenant with the Landlord, an independent third party as landlord, in respect of the Premises for a term of three years commencing on 1 February 2022 and ending on 31 January 2025 (both days inclusive) for the Premises. The tenant received a copy of the signed Tenancy Agreement in mid-May 2022.

## **PRINCIPAL TERMS OF THE TENANCY AGREEMENT**

The principal terms of the Tenancy Agreement are set out below:

- Date:** 26 April 2022
- Tenant:** Fortune Rich Limited
- Landlord:** Fook Pui Investment Company Limited
- Premises:** Shop C, G/F, Hang Tat Mansion, Nos. 161, 163 and 165 Lockhart Road, Hong Kong
- Term:** three years commencing on 1 February 2022 and ending on 31 January 2025 (both days inclusive)
- Rent:** The rent payable under the Tenancy Agreement is HK\$160,000 per calendar month (representing approximately 30% reduction from the rent under the previous tenancy agreement) for the period from 1 February 2022 to 31 January 2023 and HK\$190,000 per calendar month (representing approximately 17% reduction from the rent under the previous tenancy agreement) for the period from 1 February 2023 to 31 January 2025 excluding government rates, utility charges and management fees to be paid in advance without any deduction whatsoever on the 1st day of each and every calendar month.
- Deposit:** A security deposit of HK\$592,658 was paid upon signing of the Tenancy Agreement, which was wholly transferred from the deposit held under the previous tenancy agreement.
- Guarantee:** The Company executed a deed of guarantee in favor of the Landlord for the due performance or observance by the tenant under the Tenancy Agreement.

The unaudited value of the right-of-use asset recognized by the Company under the Tenancy Agreement amounted to approximately HK\$7,481,000, which is the present value of total consideration payable plus initial direct costs and estimated reinstatement cost with the lease at the inception of the lease term under the Tenancy Agreement in accordance with HKFRS 16.

## **REASONS FOR AND BENEFITS OF THE TENANCY AGREEMENT**

The Group is currently leasing the Premises for the operation of its shop branded Fei Concept. The lease renewal for the Premises will allow the Group to continue the operation of Fei Concept. The Directors, including the independent non-executive Directors, considered that the transactions contemplated under the Tenancy Agreement were entered into in the ordinary and usual course of business of the Group, on normal commercial terms after arm's length negotiations between the parties and were fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **BASIS OF MONTHLY RENT DETERMINATION**

On 1 August 2019, Fortune Rich Limited entered into a tenancy agreement with the Landlord in respect of the Premises for three years from 1 February 2019 to 31 January 2022 (both days inclusive), at a monthly rent of HK\$230,000.

In consideration of the current COVID-19 situation in Hong Kong, the Landlord agreed to receive a lower monthly rent for the new tenancy term commencing on 1 February 2022 as set out in the Tenancy Agreement.

The monthly rents set out in the Tenancy Agreement were determined after negotiation with the Landlord taking into account the impact of the COVID-19 pandemic to the business environment in Hong Kong and the inflation rate in Hong Kong.

## **INFORMATION ABOUT THE PARTIES**

The Group is a retailer and supplier of overseas manufactured tiles in Hong Kong and Macau, specializing in high-end European imported porcelain, ceramic and mosaic tiles.

Fortune Rich Limited is an indirect wholly-owned subsidiary of the Company and mainly engages in leasing of properties for the Group.

The Landlord is a company incorporated in Hong Kong. The principal business of the Landlord is property holding and rental. Its ultimate beneficial owners are Ma Kwong Chi (holds 18.83% interest in the Landlord), Ma Kwong Wing (holds 18.83% interest in the Landlord), Ma Kwong Chu Roger (holds 18.83% interest in the Landlord), Ma Kwong Tsun (holds 18.83% interest in the Landlord), Ma Lai Yin (holds 12.34% interest in the Landlord) and Hui Horace Bing Ki (holds 12.34% interest in the Landlord), all of them are merchants and each of Ma Kwong Chi, Ma Kwong Wing, Ma Kwong Chu Roger, Ma Kwong Tsun and Ma Lai Yin is a director of the Landlord. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Landlord and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

## **IMPLICATIONS UNDER THE LISTING RULES**

In accordance with HKFRS 16 "Leases", the Company is required to recognize the value of the right-of-use asset on its consolidated statement of financial position in connection with the lease of the Premises under the Tenancy Agreement. Accordingly, the lease transaction under the Tenancy Agreement is regarded as an acquisition of asset by the tenant (i.e. lessee) for the purpose of the Listing Rules.

As one applicable percentage ratio (as defined in the Listing Rules) in respect of the value of the right-of-use of the Premises under the Tenancy Agreement exceeds 5% but is less than 25%, the lease transaction contemplated thereunder constitutes a disclosable transaction for the Company and is subject to the announcement requirement but exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

## DEFINITIONS

In this announcement, the following expressions have the following meanings:

“Board”	the board of Directors
“Company”	MOS House Group Limited, a company incorporated under the laws of the Cayman Islands with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1653)
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards
“Landlord”	Fook Pui Investment Company Limited, a company incorporated in Hong Kong with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Premises”	the premises situated at Shop C, Ground Floor, Hang Tat Mansion, Nos. 161, 163 and 165 Lockhart Road, Wanchai, Hong Kong
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement entered into between Fortune Rich Limited (a subsidiary of the Company) as the tenant and the Landlord dated 26 April 2022
“%”	per cent.

By order of the Board  
**MOS HOUSE GROUP LIMITED**  
**Simon Tso**  
*Chairman*

Hong Kong, 25 May 2022

*As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Simon Tso and Ms. Tsui To Fei and three independent non-executive Directors, namely Mr. Ng Wang To, Mr. Woo King Hang and Mr. Hui Chun Tak.*