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MOS HOUSE GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1653)

DISCLOSEABLE TRANSACTION IN RESPECT OF RENEWAL OFFER LETTER FOR THE LEASE OF HEAD OFFICE

RENEWAL OF THE LEASE OF HEAD OFFICE

The Board is pleased to announce that on 26 August 2022 (after trading hours), Regent Building Material Supplies Company Limited (a wholly-owned subsidiary of the Company) as the Tenant entered into the Renewal Offer Letter with the Landlord, an independent third party to renew the Existing Lease for a term of two years from 1 October 2022 to 30 September 2024 (both days inclusive).

IMPLICATIONS UNDER THE LISTING RULES

In accordance with HKFRS 16 “Leases”, the Company will be 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 Renewal Offer Letter. Accordingly, the transaction contemplated under the Renewal Offer Letter will be regarded as an acquisition of assets by the Tenant for the purpose of Rule 14.04(1)(a) of the Listing Rules.

As one of the applicable percentage ratios (as defined in Chapter 14 of the Listing Rules) calculated based on the value of the right-of-use asset to be recognized by the Company according to HKFRS 16 exceeds 5% but is less than 25%, the transaction contemplated under the Renewal Offer Letter constitutes a disclosable transaction of the Company and is subject to the notification and announcement requirements but exempted from Shareholders’ approval requirement under Chapter 14 of the Listing Rules.

RENEWAL OF THE LEASE OF HEAD OFFICE

The Board is pleased to announce that on 26 August 2022 (after trading hours), Regent Building Material Supplies Company Limited (a wholly-owned subsidiary of the Company) entered into the Renewal Offer Letter with the Landlord, an independent third party, to renew the Existing Lease for a term of two years from 1 October 2022 to 30 September 2024 (both days inclusive).

PRINCIPAL TERMS OF THE RENEWAL OFFER LETTER

The principal terms of the Renewal Offer Letter are set out below:

- Date:** 26 August 2022
- Tenant:** Regent Building Material Suppliers Company Limited
- Landlord:** Jaffe Development Limited
- Premises:** The whole of 50/F, United Asia Finance Centre, No. 333 Lockhart Road, Wanchai, Hong Kong
- Term:** Two years commencing on 1 October 2022 and ending on 30 September 2024 (both days inclusive)
- Rent:** The rent payable for the Premises (exclusive of management fees, rates and other outgoings, which are separately payable by the Company) during the Renewed Term is HK\$160,650 per calendar month (representing approximately 16% decrease from the rent under the Existing Lease).
- The aggregate amount of rent payable (exclusive of management fees, rates and other outgoings, which are separately payable by the Company) under the Renewal Offer Letter is HK\$3,855,600 and will be financed by the internal resources of the Group.
- Deposit:** A security deposit of HK\$561,816 being the sum of three (3) months' rent, management fee and air-conditioning charges will be transferred from the deposit paid by the Tenant under the Existing Lease.

The Landlord and the Tenant will enter into a formal tenancy agreement in respect of the lease of the Premises before the commencement of the Renewed Term. The terms and conditions of the Renewal Offer Letter will be subject to the terms and conditions of the formal tenancy agreement to be entered.

REASONS FOR AND BENEFITS OF THE RENEWAL OFFER LETTER

The Group is currently leasing the Premises with a gross area of approximately 4,590 square feet as its head office, and the Existing Lease will expire on 30 September 2022. The Directors, including the independent non-executive Directors, are of the view that it is in the interests of the Group to enter into the Renewal Offer Letter to renew the lease of the Premises having considered that (i) the Group would be able to maintain a stable head office for its business operations in Hong Kong; (ii) it would be cost-efficient to maintain the Group's operations in the Premises to save relocation and renovation costs; and (iii) the monthly rent of the Premises under the Renewal Offer Letter represents approximately 16% reduction as compared with the rent under the Existing Lease. Moreover, the transactions contemplated under the Renewal Offer Letter 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.

THE RIGHT-OF-USE ASSET

Pursuant to HKFRS 16 "Leases", the Group will recognize a right-of-use asset in respect of the Renewal Offer Letter upon commencement of the Renewed Term. The unaudited value of the right-of-use asset to be recognized by the Tenant in connection with the Renewal Offer Letter is estimated to be approximately HK\$3.6 million, which is the present value of the aggregate lease payments plus initial direct costs and estimated reinstatement cost during the Renewed Term in accordance with HKFRS 16, discounted using the incremental borrowing rate of the Group as at the date of the Renewal Offer Letter.

INFORMATION OF THE GROUP AND THE LANDLORD

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.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the Landlord is a company incorporated in the British Virgin Islands and registered in Hong Kong as a registered non-Hong Kong company and a wholly-owned subsidiary of Allied Group Limited ("**Allied Group**"), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 373). The principal business of the Landlord is property holding. 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 in its consolidated statement of financial position in connection with the lease of the Premises under the Renewal Offer Letter. Accordingly, the lease transaction contemplated under the Renewal Offer Letter will be regarded as an acquisition of assets by the Tenant for the purpose of Rule 14.04(1)(a) of the Listing Rules.

As one of the applicable percentage ratios (as defined in Chapter 14 of the Listing Rules) calculated based on the value of the right-of-use asset to be recognized by the Company according to HKFRS 16 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
“Existing Lease”	lease arrangement under the tenancy agreement dated 7 August 2019 entered into between the Landlord and the Tenant in respect of the Premises, under which the Landlord shall lease to the Company the Premises for a fixed period of three (3) years from 1 October 2019 to 30 September 2022 (both days inclusive)
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Landlord”	Jaffe Development Limited, a company incorporated in the British Virgin Islands with limited liability and registered in Hong Kong as a registered non-Hong Kong company and a wholly-owned subsidiary of Allied Group Limited, a company incorporated in Hong Kong with its shares listed on the Stock Exchange (Stock Code: 373)
“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 the whole of 50/F, United Asia Finance Centre, No. 333 Lockhart Road, Wanchai, Hong Kong
“Renewal Offer Letter”	the renewal offer letter entered into between the Tenant (as tenant) and the Landlord (as Landlord) on 26 August 2022 for the renewal of the lease of the Premises
“Renewed Term”	2 years commencing on 1 October 2022 and ending on 30 September 2024 (both days inclusive)
“Shareholders”	shareholders of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenant”	Regent Building Material Supplies Company Limited, a company incorporated in Hong Kong with limited liability, is a wholly-owned subsidiary of the Company
“%”	per cent.

By order of the Board
MOS House Group Limited
Simon Tso
Chairman

Hong Kong, 26 August 2022

As at the date of this announcement, the Board comprises of 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.