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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 RETAIL SHOP

RENEWAL OF THE LEASE OF THE RETAIL SHOP BRANDED LUXURY LIVING

The Board is pleased to announce that on 14 October 2022 (after trading hours), Regent Building Limited (an indirect 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 three years from 1 November 2022 to 31 October 2025 (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 all of them are 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 THE RETAIL SHOP BRANDED LUXURY LIVING

The Board is pleased to announce that on 14 October 2022 (after trading hours), Regent Building Limited (an indirect 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 three years from 1 November 2022 to 31 October 2025 (both days

inclusive). The Renewal Offer Letter constitutes a valid and binding agreement between the Tenant and the Landlord for the renewal of the lease of the Premises on the terms and conditions as set out in the Renewal Offer Letter.

PRINCIPAL TERMS OF THE RENEWAL OFFER LETTER

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

Date:	14 October 2022
Tenant:	Regent Building Limited
Landlord:	Perfect Score Investments Limited
Premises:	Shops Nos. 3 and 4 on Ground Floor of Capital Building, 175–191 Lockhart Road, Wanchai, Hong Kong
Renewed Term:	three years commencing on 1 November 2022 and ending on 31 October 2025 (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 as follows:

Period	Monthly Rental
1 November 2022 to 31 December 2022	HK\$138,000
1 January 2023 to 31 October 2023	HK\$151,800
1 November 2023 to 31 October 2024	HK\$166,000
1 November 2024 to 31 October 2025	HK\$180,000

The rent payable for the Premises during the Renewed Term represents a decrease of approximately 45% to 58% as compared with 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\$5,946,000 and will be financed by the internal resources of the Group.

Deposit:	HK\$660,000
Formal tenancy agreement:	Except the terms of the Renewed Term, the rent and the deposit as set out above, the terms of the new tenancy agreement will be the same as the Existing Lease and the Landlord's lawyer will incorporate the above terms to the new tenancy agreement.

REASONS FOR AND BENEFITS OF THE RENEWAL OFFER LETTER

The Group is currently leasing the Premises for the operation of its shop branded Luxury Living. The lease renewal for the Premises will allow the Group to continue the operation of Luxury Living. The Directors, including the independent non-executive Directors, considered that 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\$5.5 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 Hong Kong. The principal business of the Landlord is property holding and rental. Its ultimate beneficial owners are Hui Kin Sun Henry (holds 51% interest in the Landlord), Hui Kin Tak (holds 30% interest in the Landlord) and Hui Kwai Ying (holds 19% interest in the Landlord), all of them are merchants and directors 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 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 all of them are 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 17 October 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 November 2019 to 31 October 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”	Perfect Score Investments 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 Shops Nos. 3 and 4 on Ground Floor of Capital Building, 175–191 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 14 October 2022 for the renewal of the lease of the Premises
“Renewed Term”	3 years commencing on 1 November 2022 and ending on 31 October 2025 (both days inclusive)
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Tenant”

Regent Building Limited, a company incorporated in Hong Kong with limited liability, is an indirect wholly-owned subsidiary of the Company

“%”

per cent.

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

Hong Kong, 14 October 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.