



**LIFE CONCEPTS**

# Life Concepts Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8056

## INTERIM REPORT 2019/20



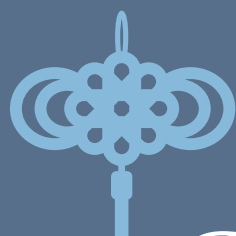
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*This report, for which the directors (the “**Directors**”) of Life Concepts Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (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. James Fu Bin Lu (*Chairman and Chief Executive Officer*)

Mr. Sandeep Sekhri

Mr. Long Hai

#### Non-executive Director:

Mr. Li Lun

#### Independent non-executive Directors:

Mr. Lu Cheng

Mr. Fei Dingan

Mr. Shi Kangping

### COMPLIANCE OFFICER

Mr. Long Hai

### AUTHORISED REPRESENTATIVES

Mr. James Fu Bin Lu

Ms. Cheng Lucy

### COMPANY SECRETARY

Ms. Cheng Lucy

### AUDIT COMMITTEE

Mr. Shi Kangping (*Chairman*)

Mr. Fei Dingan

Mr. Lu Cheng

### REMUNERATION COMMITTEE

Mr. Lu Cheng (*Chairman*)

Mr. Fei Dingan

Mr. Long Hai

### NOMINATION COMMITTEE

Mr. James Fu Bin Lu (*Chairman*)

Mr. Lu Cheng

Mr. Shi Kangping

### REGISTERED OFFICE

Clifton House

75 Fort Street

Grand Cayman, KY1-1108

Cayman Islands

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suites 1701-3, 17th Floor

Chinachem Hollywood Centre

1,3,5,7,9,11 and 13 Hollywood Road

Central, Hong Kong

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Trust (Cayman) Limited

Clifton House

75 Fort Street

Grand Cayman, KY1-1108

Cayman Islands

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited

Room 2103B, 21/F

148 Electric Road

North Point

Hong Kong

### LEGAL ADVISER TO THE COMPANY

Sidley Austin

### PRINCIPAL BANKER

The Hong Kong and Shanghai Banking Corporation  
Limited

## **INDEPENDENT AUDITOR**

PricewaterhouseCoopers

Certified Public Accountants

22/F, Prince's Building

Central

Hong Kong

## **COMPANY'S WEBSITE**

<http://www.lifeconcepts.com>

## **GEM STOCK CODE**

8056

The board of Directors (the “**Board**”) presents the unaudited condensed consolidated results of the Group for the six months ended 30 September 2019, together with the unaudited comparative figures for the corresponding period in 2018 as set out below.

## FINANCIAL HIGHLIGHTS

- The Group’s revenue for the six months ended 30 September 2019 was approximately HK\$263.6 million, representing a decrease of approximately 4.4% when compared with that of the corresponding period in 2018.
- Loss and total comprehensive expense attributable to owners of the Company for the six months ended 30 September 2019 was approximately HK\$32.9 million, representing an increase in loss and total comprehensive expense of approximately 109.9% when compared with that of the corresponding period in 2018.
- A new interior design and fitting-out business was launched in the People’s Republic of China (the “**PRC**”). A number of business service contracts were signed and revenue has been recognized during the six months ended 30 September 2019.
- The Board did not declare any dividend for the six months ended 30 September 2019 (for the six months ended 30 September 2018: nil).

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

For the six months ended 30 September 2019

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue	5	118,689	131,157	263,553	275,611
Cost of sales and inventories consumed		(29,215)	(30,715)	(64,237)	(64,046)
Staff costs		(44,274)	(44,231)	(95,274)	(87,810)
Depreciation and amortisation		(31,910)	(11,936)	(66,734)	(23,810)
Rental and related expenses		(3,576)	(27,863)	(7,715)	(54,726)
Utilities and consumables		(4,732)	(5,088)	(10,293)	(11,826)
Franchise and licensing fees		(2,323)	(2,726)	(5,334)	(5,519)
Other expenses		(19,847)	(19,791)	(42,829)	(38,497)
Other gains and losses		(842)	(1,762)	(804)	(1,906)
Finance costs	6	(957)	(114)	(2,108)	(226)
Loss before taxation		(18,987)	(13,069)	(31,775)	(12,755)
Taxation	7	(682)	(1,022)	(1,736)	(2,933)
Loss for the period	8	(19,669)	(14,091)	(33,511)	(15,688)
<b>Loss for the period attributable to:</b>					
– owners of the Company		(19,267)	(14,091)	(32,894)	(15,688)
– non-controlling interests		(402)	—	(617)	—
		(19,669)	(14,091)	(33,511)	(15,688)
<b>Loss per share-basic (HK\$)</b>	10	(0.02)	(0.02)	(0.04)	(0.02)
<b>Loss per share-diluted (HK\$)</b>	10	N/A	(0.02)	N/A	(0.02)
Loss for the period		(19,669)	(14,091)	(33,511)	(15,688)
<b>Other comprehensive income (expense)</b>					
Item that may reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations		13	—	(28)	—
<b>Loss and total comprehensive expense for the period</b>		(19,656)	(14,091)	(33,539)	(15,688)
<b>Attributable to:</b>					
– owners of the Company		(19,254)	(14,091)	(32,922)	(15,688)
– non-controlling interests		(402)	—	(617)	—
		(19,656)	(14,091)	(33,539)	(15,688)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

	Notes	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	11	65,775	83,114
Right-of-use assets	11	143,385	—
Intangible assets	11	9,397	10,326
Rental and utilities deposits		33,379	34,567
Deposit for property, plant and equipment		1,032	1,221
Restricted bank deposits	13	5,309	5,290
		258,277	134,518
<b>Current assets</b>			
Inventories		7,622	8,721
Trade and other receivables	12	17,381	20,806
Tax recoverable		1,566	1,123
Bank balances and cash		10,809	31,900
		37,378	62,550
<b>Current liabilities</b>			
Trade and other payables	14	55,185	58,837
Contract liabilities		2,606	1,862
Amount due to a related company		976	520
Amount due to a shareholder	15	5,740	—
Loans from former Controlling Shareholders	15	—	15,000
Lease liabilities		70,454	—
Tax liabilities		2,851	2,895
		137,812	79,114
NET CURRENT LIABILITIES		(100,434)	(16,564)
TOTAL ASSETS LESS CURRENT LIABILITIES		157,843	117,954
<b>Capital and reserves</b>			
Share capital	16	63,037	63,037
Reserves		21,995	54,917
Equity attributable to owners of the Company		85,032	117,954
Non-controlling interests		(617)	—
<b>Total Equity</b>		84,415	117,954
<b>Non-current liability</b>			
Lease liabilities		73,428	—
		157,843	117,954



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2019

	Attributable to owners of the Company								Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Translation reserve HK\$'000	Share option reserve HK\$'000	Retained profits (accumulated losses) HK\$'000	Total HK\$'000	Attributable to non- controlling interests HK\$'000	
(Unaudited)									
At 1 April 2018	63,037	28,785	27,313	—	7,416	19,322	145,873	—	145,873
Loss and total comprehensive expense recognised for the period	—	—	—	—	—	(15,688)	(15,688)	—	(15,688)
At 30 September 2018	63,037	28,785	27,313	—	7,416	3,634	130,185	—	130,185
(Unaudited)									
At 1 April 2019	63,037	28,785	27,313	(2)	—	(1,179)	117,954	—	117,954
Loss for the period	—	—	—	—	—	(32,894)	(32,894)	(617)	(33,511)
Exchange differences arising on translation of foreign operations	—	—	—	(28)	—	—	(28)	—	(28)
Loss and total comprehensive expense recognised for the period	—	—	—	(28)	—	(32,894)	(32,922)	(617)	(33,539)
At 30 September 2019	63,037	28,785	27,313	(30)	—	(34,073)	85,032	(617)	84,415

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2019

	For the six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
NET CASH FROM OPERATING ACTIVITIES	37,639	5,951
INVESTING ACTIVITIES		
Purchase of and deposits paid for property, plant and equipment	(3,739)	(15,208)
Purchase of intangible assets	(201)	(1,620)
Proceeds from disposals of property, plant and equipment	147	—
Placements of restricted bank deposits	—	(19)
NET CASH USED IN INVESTING ACTIVITIES	(3,793)	(16,847)
FINANCING ACTIVITIES		
Repayment of lease liabilities	(45,536)	—
Repayment of loans from former Controlling Shareholders	(15,000)	—
Interest paid	(94)	(226)
Advance from a shareholder	5,740	—
NET CASH USED IN FINANCING ACTIVITIES	(54,890)	(226)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(21,044)	(11,122)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	31,900	48,819
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(47)	—
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by bank balances and cash	10,809	37,697

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

## 1. GENERAL INFORMATION

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on GEM. Its immediate holding company is Strong Day Holdings Limited, a company incorporated in the British Virgin Islands with limited liability. Its registered office is located at Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands and its principal place of business is located at Suites 1701-3, 17/F, Chinachem Hollywood Centre 1, 3, 5, 7, 9, 11 and 13 Hollywood Road, Central, Hong Kong.

The Company is an investment holding company. The subsidiaries of the Company are principally engaged in (i) operation of restaurants; and (ii) interior design and fitting-out business.

## 2. BASIS OF PREPARATION AND PRESENTATION

These unaudited condensed consolidated financial statements for the six months ended 30 September 2019 have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules and with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

In preparing the unaudited condensed consolidated financial statements, the Directors have given careful consideration to the future liquidity of the Group. While recognising that the Group had net current liabilities of approximately HK\$100,434,000 as at 30 September 2019 and incurred a net loss of approximately HK\$33,511,000 for the six months then ended, the Directors are of the opinion that, after due and careful enquiry taking into account the internally generated funds available to the Group, the Group has, in the absence of unforeseeable circumstances, sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future.

Accordingly, the Directors believe that it is appropriate to prepare the unaudited condensed consolidated financial statements on a going concern basis without including any adjustments that would be required should the Group fail to continue as a going concern.

These unaudited condensed consolidated financial statements for the six months ended 30 September 2019 are presented in Hong Kong dollars (“**HK\$**”), which is the functional currency of the Company and its subsidiaries.

## 3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

In the current interim period, the Group has applied, for the first time, new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all HKFRSs, HKASs, Interpretations and Amendments) issued by the HKICPA that are mandatorily effective for the accounting period beginning on or after 1 April 2019.

Other than as explained below regarding the impact of HKFRS 16, the adoption of the above new and revised standards has had no significant financial effect on the financial information.

### 3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

#### HKFRS 16 Leases

Transition and summary of effects arising from initial application of IFRS 16

On 1 April 2019, the Group has applied HKFRS 16. HKFRS 16 superseded HKAS 17, and the related interpretations. The Group applied the HKFRS 16 in accordance with the transition provisions of HKFRS 16.

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and IFRIC - Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

#### As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and
- ii. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension options.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

As at 1 April 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying IFRS 16.C8(b)(ii) transition.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The incremental borrowing rates applied by relevant group entities ranged from 2.0% to 4.5%.

	HK\$'000
Operating lease commitments disclosed as at 31 March 2019	185,515
Effect from discounting at the incremental borrowing rates as at 1 April 2019	(9,414)
Lease liabilities as at 1 April 2019	176,101
Analysed as	
Current	78,225
Non-current	97,876
	176,101

### 3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

#### HKFRS 16 Lease (continued)

##### As a lessee (continued)

The carrying amount of right-of-use assets as at 1 April 2019 comprises the following:

	HK\$'000
Lease liabilities as at 1 April 2019	176,101
Effect from discounting rental deposits at the incremental borrowing rates	1,249
	177,350

The change in accounting policy affected the following items in the consolidated statement of financial position on 1 April 2019:

- right-of-use assets - increased by approximately HK\$177,350,000
- rental and utilities deposits - decreased by approximately HK\$1,249,000
- lease liabilities - increased by approximately HK\$176,101,000

The Group has not applied new and revised standards, amendments or interpretations that have been issued but are not yet effective. The Group is currently assessing the impact of the adoption of such new and revised standards, amendments or interpretations to the Group but is yet to be in a position to state whether they would have any material financial impact on the Group's results of operations and financial position.

### 4. PRINCIPAL ACCOUNTING POLICIES

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements for the six months ended 30 September 2019 are consistent with those adopted in the preparation of audited consolidated financial statements included in the Company's 2018/19 annual report, except for the adoption of the new and revised HKFRSs issued by the HKICPA that are adopted for the first time for the current period's condensed consolidated financial statements.

The unaudited condensed consolidated financial statements for the six months ended 30 September 2019 have been prepared on the historical cost basis.

The condensed consolidated financial statements have not been audited by the Company's auditors, but have been reviewed by the audit committee of the Board (the "Audit Committee").

## 5. REVENUE AND SEGMENT INFORMATION

### (i) Disaggregation of revenue from contracts with customers

	For the three months ended 30 September		For the six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
<b>Revenue from contracts with customers</b>				
Italian style	17,345	32,896	47,757	71,961
Western style	82,069	76,664	177,200	158,541
Asian style	16,500	21,597	35,821	45,109
Operation of restaurants	115,914	131,157	260,778	275,611
Provision of interior design and fitting-out services	2,775	—	2,775	—
	118,689	131,157	263,553	275,611
<b>Geographical location</b>				
Mainland China	2,775	—	2,775	—
Hong Kong	115,914	131,157	260,778	275,611
	118,689	131,157	263,553	275,611
<b>Timing of revenue recognition</b>				
A point in time	115,914	131,157	260,778	275,611
Over time	2,775	—	2,775	—
	118,689	131,157	263,553	275,611

### (ii) Performance obligations for contracts with customers

#### Restaurants operations (revenue recognised at a point in time)

Revenue is recognised at a point in time upon a bill is issued for the provision of food and beverages to customers. Payment of the transaction price is mostly due immediately at the point of billing to customers.

#### Interior design and fitting-out business (revenue recognised over time)

The Group provides interior design and fitting-out services to customers. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised for these services based on the stage of completion of the contract using output method. Contracts with the Group's customers are agreed in fixed-price.

## 5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

- (iii) Transaction price allocated to the remaining performance obligation (unsatisfied or partially unsatisfied) for contracts with customers that remain outstanding as at reporting date and the expected timing at recognising revenue is set out below:

	30 September 2019 HK\$'000 (Unaudited)
Provision of interior design and fitting-out services – Within one year	28,551

No transaction price allocated to the remaining performance obligation for contracts with customers that remain outstanding was noted as at 31 March 2019.

All contracts for provision of food and beverages are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

The segment information reported to the executive Directors, being the chief operating decision maker (the "CODM"), is being regularly reviewed in order to allocate resources to segments and to assess their performance is prepared under HKFRSs, based on the style of restaurants, including Italian style, Western style and Asia style. In addition, the CODM also reviews performance of catering management and design services and others for resources allocation.

## 5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

The following is an analysis of the Group's revenue, results, assets and liabilities by operating and reportable segments:

### Segment revenue and results

For the six months ended 30 September 2019 (unaudited)

	Italian style HK\$'000	Western style HK\$'000	Asian style HK\$'000	Catering management and design services HK\$'000	Interior design and fitting-out services HK\$'000	Elimination HK\$'000	Total HK\$'000
<b>REVENUE</b>							
External sales	47,757	177,200	35,821	—	2,775	—	263,553
Inter-segment sales	—	—	—	14,079	—	(14,079)	—
<b>Total</b>	<b>47,757</b>	<b>177,200</b>	<b>35,821</b>	<b>14,079</b>	<b>2,775</b>	<b>(14,079)</b>	<b>263,553</b>
<b>RESULT</b>							
Segment profit (loss)	(1,060)	8,869	(3,755)	336	(2,056)	(336)	1,998
Unallocated staff cost							(23,044)
Unallocated depreciation and amortisation							(2,462)
Unallocated rental and related expenses							(117)
Unallocated utilities and consumables							(318)
Unallocated other expenses							(7,705)
Finance costs							(127)
Loss before taxation							(31,775)

For the six months ended 30 September 2018 (unaudited)

	Italian style HK\$'000	Western style HK\$'000	Asian style HK\$'000	Catering management and design services HK\$'000	Elimination HK\$'000	Total HK\$'000
<b>REVENUE</b>						
External sales	71,961	158,541	45,109	—	—	275,611
Inter-segment sales	—	—	—	17,157	(17,157)	—
<b>Total</b>	<b>71,961</b>	<b>158,541</b>	<b>45,109</b>	<b>—</b>	<b>—</b>	<b>275,611</b>
<b>RESULT</b>						
Segment profit	5,121	4,824	665	343	(343)	10,610
Unallocated staff cost						(17,112)
Unallocated depreciation and amortisation						(205)
Unallocated rental and related expenses						(1,055)
Unallocated utilities and consumables						(292)
Unallocated other expenses						(4,475)
Finance costs						(226)
Loss before taxation						(12,755)



## 5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### Segment assets and liabilities

At 30 September 2019 (unaudited)

	Italian style HK\$'000	Western style HK\$'000	Asian style HK\$'000	Catering management and design services HK\$'000	Interior design and fitting- out services HK\$'000	Elimination HK\$'000	Total HK\$'000
Segment assets	162,488	439,931	86,257	40,221	12,541	(445,783)	295,655
Elimination of inter-segment receivables	(110,305)	(258,486)	(47,156)	(29,836)	—	445,783	—
	52,183	181,445	39,101	10,385	12,541	—	295,655
Segment liabilities	(122,877)	(380,857)	(83,458)	(54,767)	(15,064)	445,783	(211,240)
Elimination of inter-segment payables	92,371	253,054	56,961	43,397	—	(445,783)	—
	(30,506)	(127,803)	(26,497)	(11,370)	(15,064)	—	(211,240)

At 31 March 2019 (audited)

	Italian style HK\$'000	Western style HK\$'000	Asian style HK\$'000	Catering management and design services HK\$'000	Elimination HK\$'000	Total HK\$'000
Segment assets	159,564	342,780	72,427	41,939	(419,642)	197,068
Elimination of inter-segment receivables	(116,077)	(225,820)	(47,383)	(30,362)	419,642	—
	43,487	116,960	25,044	11,577	—	197,068
Segment liabilities	(100,089)	(279,923)	(63,884)	(39,860)	419,642	(64,114)
Elimination of inter-segment payables	88,038	243,189	56,682	31,733	(419,642)	—
	(12,051)	(36,734)	(7,202)	(8,127)	—	(64,114)
Loans from former Controlling Shareholders						(15,000)
						(79,114)

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 4. Segment profit represents the profit earned by each segment without allocation of the common staff costs, depreciation and amortisation, rental and related expenses, utilities and consumables, other expenses and finance costs incurred. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment. For the purposes of monitoring segment performances and allocating resources between segments, all assets and liabilities are allocated to operating segments.

Inter-segment sales are charged at cost plus approach.

## 5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### Other information

The followings are included in the measure of segment results and segment assets.

	Depreciation and amortisation For the six months ended 30 September		Additions to non-current assets For the six months ended 30 September	
	2019	2018	2019	2018
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Italian style	12,208	5,079	411	2,953
Western style	41,659	14,282	2,748	11,446
Asian style	10,046	4,244	17	676
Catering management and design services	—	—	735	467
Interior design and fitting-out services	359	—	218	—
	64,272	23,605	4,129	15,542

The unallocated depreciation and amortisation amounted to approximately HK\$2,462,000 (2018: HK\$205,000) for the six months ended 30 September 2019.

Non-current assets included property, plant and equipment and intangible assets.

### Geographical information

	Non-current assets	
	30 September 2019	31 March 2019
	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Mainland China	7,974	—
Hong Kong	250,303	134,518
	258,277	134,518

### Information about major customers

No revenue from individual customer contributed over 10% of total revenue of the Group for both periods.

## 6. FINANCE COSTS

	For the three months ended 30 September		For the six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Interest on loans from former Controlling Shareholders	—	114	94	226
Interest on lease liabilities	957	—	2,014	—
	957	114	2,108	226

## 7. TAXATION

	For the three months ended 30 September		For the six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Hong Kong Profits Tax	682	1,022	1,736	2,933
PRC Enterprise Income Tax	—	—	—	—
	682	1,022	1,736	2,933

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the relevant periods.

No provision for Enterprise Income Tax has been made for PRC subsidiaries, as there was no estimated assessable profit during the six months ended 30 September 2019.

## 8. LOSS FOR THE PERIOD

	For the three months ended 30 September		For the six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Loss for the period has been arrived at after charging:				
Depreciation of property, plant and equipment	9,858	11,594	20,425	23,126
Depreciation of right-of-use assets	21,542	—	45,296	—
Amortisation of intangible assets	511	342	1,013	684
Loss on disposals of property, plant and equipment	609	1,762	609	1,906

## 9. DIVIDEND

The Board does not declare any dividend for the six months ended 30 September 2019 (30 September 2018: nil).

## 10. LOSS PER SHARE

The basic and diluted loss per share is calculated based on the loss attributable to the owners of the Company and the weighted average number of ordinary shares for the relevant periods.

	For the three months ended 30 September		For the six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share (HK\$'000)	(19,267)	(14,091)	(32,894)	(15,688)
Weighted average number of ordinary shares for the purpose of basic and diluted loss earnings per share (in thousands)	810,250	810,250	810,250	810,250

For six months ended 30 September 2018, the diluted loss per share did not take into account the assumed exercise of the Company's outstanding share option since their exercise would result in a decrease in loss per share.

## 11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INTANGIBLE ASSETS

During the current interim period, the Group acquired property, plant and equipment and intangible assets of approximately HK\$3,928,000 and HK\$201,000, respectively (six months ended 30 September 2018: HK\$15,542,000 and HK\$1,620,000, respectively). In addition, the Group has disposed of property, plant and equipment and intangible assets with carrying amount of approximately HK\$756,000 and HK\$194,000, respectively (six months ended 30 September 2018: HK\$1,906,000 and nil, respectively).

During the current interim period, the Group entered into new rental agreements for the use of restaurant operation and management office for less than 1 year to 3 years. The Group is required to make fixed monthly payments and additional variable payments depending on the relevant restaurants' turnover pursuant to the terms and conditions as set out in the respective rental agreements. On lease commencement, the Group recognized HK\$11,376,000 of right-of-use asset and HK\$11,376,000 lease liability.

## 12. TRADE AND OTHER RECEIVABLES

	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
Trade receivables	5,692	9,778
Other receivables and deposits	11,689	11,028
	17,381	20,806

As at 30 September 2019 and 1 April 2019, trade receivables from contracts with customers amounted to HK\$5,692,000 and HK\$9,778,000 respectively.

Trade receivables mainly represent (i) receivables from financial institutions in relation to the payment settled by credit cards by customers of which the settlement period is normally within 3 days from transaction date; and (ii) receivables from customers of interior design and fitting-out services in the PRC.

Regarding the restaurant operation, generally, there is no credit period granted to customers, except for certain well established corporate customers in which credit period of 20 days is granted by the Group. Regarding the customers of interior design and fitting-out services in the PRC, generally, service fee will be settled in accordance with the terms set out in the service contracts or credit terms of 30 days is granted to customers.

The aged analysis of the Group's trade receivables, based on invoice date, at the end of the reporting periods are as follows:

	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
0 - 20 days	5,208	9,229
21 to 90 days	201	494
Over 90 days	283	55
	5,692	9,778

Before accepting any new corporate customers, the management of the Group will base on the credit quality of the potential customers to define credit limits. Credit limits to customers are reviewed annually.

All of the trade receivables that are neither past due nor impaired are mainly from the reputable financial institutions.

As at 30 September 2019, included in the Group's trade receivables balances are debtors with aggregate carrying amount of HK\$484,000 (as at 31 March 2019: HK\$549,000) which are past due as at the reporting date. Out of the past due balances, HK\$283,000 (as at 31 March 2019: HK\$55,000) has been past due 90 days or more and is not considered as default as the Group considered such balances could be recovered based on repayment history, the financial conditions and the current credit worthiness of each debtor.

## 12. TRADE AND OTHER RECEIVABLES (CONTINUED)

	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
Other receivables and deposits:		
Prepayments for insurances and consumables	3,283	2,637
Prepayments for rental	—	3,823
Advance to employees	1,516	2,469
Others	6,890	2,099
	11,689	11,028

## 13. RESTRICTED BANK DEPOSITS

Restricted bank deposits represented fixed rate deposits placed in banks pursuant to the Group's obligations under certain operating leases. The restricted bank deposits carry interest ranging from 1.25 % to 1.5% (as at 31 March 2019: 1.0% to 1.6%) per annum. The deposits will be released upon termination of lease agreements which is expected to be beyond one year from the end of reporting period. Accordingly, the amounts are included in the non-current assets.

## 14. TRADE AND OTHER PAYABLES

	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
Trade payables	19,114	22,492
Salary payables	12,171	14,142
Payable for property, plant and equipment	476	1,408
Rental payables	4,760	7,342
Franchise and licensing fees payables	3,371	1,486
Audit fee accrual	500	2,393
Payable for repair and maintenance	2,951	1,488
Payable for utility and consumables	9,556	5,623
Payable for cleaning suppliers	1,771	2,033
Other tax payables	515	430
	55,185	58,837

The credit period on purchases of goods is about 60 days. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

The following is an aged analysis of trade payables presented based on the invoiced date at the end of reporting period:

	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
0 - 60 days	19,114	22,492

## 15. AMOUNT DUE TO A SHAREHOLDER/LOANS FROM FORMER CONTROLLING SHAREHOLDERS

On 30 March 2017, the Company entered into loan agreements with Dining Concepts (International) Limited, Indo Gold Limited, Minrish Limited and Mr. Jugdish Johnny Uttamchandani to borrow an aggregate amounts of HK\$15 million for working capital purpose. The loans are unsecured, carry a fixed interest rate of 3% per annum and have a maturity term of 3 years. The loans were fully repaid in June 2019.

The related finance costs of HK\$94,000 (2018: 226,000) were recognised during the period.

Amount due to a shareholder is non-trade in nature, unsecured, interest-free and expected to be repayable on demand.

## 16. SHARE CAPITAL

### Ordinary shares of US\$0.01 each

	Number of shares	Amount US\$	HK\$'000
AUTHORISED:			
At 1 April 2018, 30 September 2018, 1 April 2019 and 30 September 2019	10,000,000,000	100,000,000	778,000
ISSUED AND FULLY PAID:			
At 1 April 2018, 30 September 2018, 1 April 2019 and 30 September 2019	810,250,000	8,102,500	63,037

## 17. OPERATING LEASE COMMITMENTS

At the end of the reporting period, the Group had commitments for future minimum lease payments in respect of rented premises under non-cancellable operating leases which fall due as follows:

	31 March 2019 HK\$'000 (Audited)
Within one year	81,558
In the second to the fifth year inclusive	103,957
	185,515

Leases are negotiated with monthly rental for a range of two to five years.

The above lease commitments represent basic rents only and do not include contingent rents payable in respect of certain restaurants leased by the Group. In general, these contingent rents are calculated based on the relevant restaurants' turnover pursuant to the terms and conditions as set out in the respective rental agreements. It is not possible to estimate in advance the amount of such contingent rent payable. The amount of contingent rental recognised as expenses for the six months ended 30 September 2018 was approximately HK\$748,000, and the amount of basic rent recognised as expenses was approximately HK\$53,978,000.

## 17. OPERATING LEASE COMMITMENTS (CONTINUED)

Included above are the lease commitments for future minimum lease payments to Total Commitment Holdings Limited (“**Total Commitment (HK)**”), a related company of the Group.

	31 March 2019 HK\$'000 (Audited)
Within one year	60
	60

## 18. CAPITAL COMMITMENTS

	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
Capital expenditure in respect of the acquisition of property, plant and equipment and intangible assets contracted for but not provided in the condensed consolidated financial statements	2,539	3,066

## 19. RELATED PARTY TRANSACTIONS

All the related companies were under the common control of certain Directors. In addition to those disclosed in the condensed consolidated financial statements, the Group entered into the following significant transactions with related companies during the period:

Name of related parties	Nature of transactions	For the six months ended 30 September	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Global Hotelware Limited	Purchases of property, plant and equipment	1,478	4,447
Total Commitment (HK)	Rental paid	100	90



## MANAGEMENT DISCUSSION AND ANALYSIS

During the six months ended 30 September 2019 and up to the date of this report, the Group had been principally engaged in (i) operating a variety of cuisines, mainly Asian, Western and Italian, targeting different customer segments with mid to high spending power; and (ii) provision of interior design proposals, engaging subcontractors to carry out fitting-out works and coordinating, managing and supervising the fitting-out works as well as provision of purchasing and delivering services in the PRC.

### Business Review

#### Food and Beverage Business

During the six months ended 30 September 2019, the Group maintained its focus in serving a variety of cuisines at varying prices under different brands to a diversified customer base in Hong Kong. The Group has kept its strength in striving to uphold its core value, "Value for Money", through providing the customers with a boutique dining experience of quality dishes, attentive service and a relaxing environment.

#### Interior Design and Fitting-out Business

Growth is a constant topic on top of the mind of the Group's management. The Group plans to expand in terms of geography, the types of businesses, and the depth of work where the Group has already been doing a lot today. Based on the Group's past experience in restaurant interior design and furnishing, the Group launched a new business which provides interior design and fitting-out services carried out in the PRC. During the six months ended 30 September 2019, 2 non-wholly-owned subsidiaries were set up in the PRC, which carried out business in relation to interior design proposal and managing and supervising the fitting-out works. The Group will seek for opportunities to further expand this business segment in the PRC. As at 30 September 2019, service contracts with a total contract sum amounting to approximately RMB26.9 million (equivalent to approximately HK\$31.4 million) were signed with independent third parties. During the six months ended 30 September 2019, revenue was recognised in this segment according to the stage of completion of the respective project. On the other hand, operating loss of approximately HK\$2.1 million was incurred in the start-up stage of this business during the six months ended 30 September 2019.

### Financial Review

#### Revenue

During the six months ended 30 September 2019, the Group's revenue was generated from the operation of restaurants in Hong Kong and provision of interior design and fitting-out services in the PRC. As at 30 September 2019, we were operating 26 (2018: 29) restaurants, of which no restaurant (2018: 2) was newly established and 1 restaurant (2018: 1) was closed or disposed of.

The Group served mainly three categories of cuisines during the six months ended 30 September 2019. The table below sets forth a breakdown of the Group's revenue generated by (i) operation of restaurants by type of cuisines and (ii) provision of interior design and fitting-out services, and as a percentage of total revenue during the six months ended 30 September 2019:

	For the three months ended 30 September				For the six months ended 30 September			
	2019		2018		2019		2018	
	Revenue (HK\$'000) (Unaudited)	% of total Revenue (%)	Revenue (HK\$'000) (Unaudited)	% of total Revenue (%)	Revenue (HK\$'000) (Unaudited)	% of total Revenue (%)	Revenue (HK\$'000) (Unaudited)	% of total Revenue (%)
Western style	82,069	69.2	76,664	58.4	177,200	67.2	158,541	57.5
Italian style	17,345	14.6	32,896	25.1	47,757	18.1	71,961	26.1
Asian style	16,500	13.9	21,597	16.5	35,821	13.6	45,109	16.4
Operation of restaurants	115,914	97.7	131,157	100.0	260,778	98.9	275,611	100.0
Provision of interior design and fitting-out services	2,775	2.3	—	—	2,775	1.1	—	—
Total	118,689	100.0	131,157	100.0	263,553	100.0	275,611	100.0

#### Western style restaurants

The revenue generated from operation of Western style restaurants increased by approximately HK\$18.7 million, or approximately 11.8%, from approximately HK\$158.5 million for the six months ended 30 September 2018 to approximately HK\$177.2 million for the six months ended 30 September 2019. Such increase was mainly due to the increase in revenue derived from (i) revenue derived from the two new restaurants newly opened in August 2018 and September 2018, respectively; and (ii) increasing revenue derived from the restaurant relocated in February 2019, partially offset by the decreases in (i) revenue derived from a restaurant closed in last financial year; and (ii) revenue as a result of anti-extradition bill protests happened in June 2019.

#### Italian style restaurants

The revenue generated from operation of Italian style restaurants decreased by approximately HK\$24.2 million, or approximately 33.6%, from approximately HK\$72.0 million for the six months ended 30 September 2018 to approximately HK\$47.8 million for the six months ended 30 September 2019. Such decrease was mainly resulted from the decreases in (i) revenue derived from a restaurant closed in last financial year and another restaurant closed in July 2019; and (ii) revenue as a result of anti-extradition bill protests happened in June 2019 as mentioned above.

#### Asian style restaurants

The revenue generated from operation of Asian style restaurants decreased by approximately HK\$9.3 million, or approximately 20.6%, from approximately HK\$45.1 million for the six months ended 30 September 2018 to approximately HK\$35.8 million for the six months ended 30 September 2019. The decrease in revenue was primarily attributable to the decreases in (i) revenue derived from a restaurant closed in last financial year; and (ii) revenue as a result of anti-extradition bill protests happened in June 2019 as mentioned above.

### Interior design and fitting-out services

The revenue generated from provision of interior design and fitting-out services was approximately HK\$2.8 million for the six months ended 30 September 2019. During the six months ended 30 September 2019, 3 projects were on-going and expected to be completed within 1 year.

### **Cost of sales and inventories consumed**

The cost of sales mainly represents the costs of provision of interior design and fitting-out services. The major component includes sub-contracting fees and direct material costs.

The cost of inventories consumed mainly represents the costs of food ingredients and beverages for the operation of the Group's restaurants. The major food ingredients purchased by the Group includes, but is not limited to, vegetable, meat, seafood and frozen food.

Cost of sales and inventories consumed is one of the major components of the Group's operating expenses which amounted to approximately HK\$64.0 million and HK\$64.2 million for each of six months ended 30 September 2018 and 2019, respectively, representing approximately 23.2% and 24.4% of the Group's total revenue generated from operation of restaurants for the corresponding period.

### **Staff costs**

Staff costs represented one of the major components of the Group's operating expenses, which primarily consisted of Directors' emoluments, salaries, retirement benefit scheme contributions and other benefits. The staff costs increased by approximately HK\$7.5 million from approximately HK\$87.8 million for the six months ended 30 September 2018 to approximately HK\$95.3 million for the six months ended 30 September 2019. The increase in staff costs was mainly due to the increases in (i) staff salaries and Directors' remuneration for Hong Kong office and restaurants from approximately HK\$87.8 million for the six months ended 30 September 2018 to approximately HK\$92.8 million for the six months ended 30 September 2019 as a result of the newly hired staff for the new and relocated restaurants, and increase in respective salary level due to the expansion of business; and (ii) staff costs incurred for the new business in the PRC of approximately HK\$2.5 million.

### **Rental and related expenses**

Upon the adoption of HKFRS 16, rental expenses were no longer recognised. Instead, depreciation on right-of-use assets was recognised in profit or loss and included in depreciation and amortisation.

Our depreciation expense in respect of right-of-use assets plus rental and related expenses amounting to approximately HK\$53.0 million for the six months ended 30 September 2019. Comparing to the rental and related expenses of approximately HK\$54.7 million for the six months ended 30 September 2018, the slight decrease was mainly due to (i) discounting factor taken into account upon recognition of right-of-use assets, which led to the result that the present value of the right-of-use assets was lower than the actual rental contracts sum; (ii) reduction of tenancy agreements entered into upon closure of restaurants during the last financial year; and (iii) one-off reduction of rental fees after negotiation with landlords as a result of poor market condition since the anti-extradition bill protests happened in June 2019, partially offset by (i) additional right-of-use assets recognised for new restaurants upon signing of tenancy agreements; and (ii) the increase in rental contracts entered into for office in the PRC in relation to the new business.

## Other expenses

Other expenses mainly include advertising, cleaning and laundry expenses, credit card commission, packing and printing materials, music performance show and repair and maintenance. During the six months ended 30 September 2018 and 2019, the Group recognised other expenses of approximately HK\$38.5 million and HK\$42.8 million, respectively, representing approximately 14.0% and 16.3% of the Group's total revenue for the corresponding periods.

The increase was mainly due to the increases in (i) repair and maintenance and travelling expenses of approximately HK\$2.9 million as a result of the redecoration of existing restaurants; (ii) legal and professional expenses of approximately HK\$1.0 million as a result of potential acquisitions during the reporting period; and (iii) operating expenses of approximately HK\$1.4 million for the development of our new interior design and fitting-out business in the PRC.

## Finance costs

Finance costs represent (i) interest expense in respect of loans from Dining Concepts (International) Limited, Indo Gold Limited, Minrish Limited and Mr. Jugdish Johnny Uttamchandani (collectively referred to as the **"former Controlling Shareholders"**) granted in March 2017; and (ii) finance costs recognised in relation to the lease liabilities regarding the rental contracts upon adoption of HKFRS 16.

On 30 March 2017, the Company entered into loan agreements with the former Controlling Shareholders to borrow an aggregate amount of HK\$15 million for working capital purpose. The loans were unsecured, carry a fixed interest rate of 3% per annum and have a maturity term of three years. The loans were fully repaid in June 2019.

## Loss attributable to owners of our Company

Loss attributable to owners of the Company for the six months ended 30 September 2019 was approximately HK\$32.9 million, while the loss attributable to owners of the Company for the six months ended 30 September 2018 was approximately HK\$15.7 million.

The increase in loss attributable to owners of the Company was primarily attributable to the following factors:

- (i) The operating results of our restaurants were negatively impacted by the unexpected political activities in Hong Kong arising from the anti-extradition bill protests since June 2019. Besides, the operating costs of our food and beverage business, comprising mainly staff costs and other operating expenses such as repair and maintenance and travelling expenses, increased due to the additional operating costs for both the existing restaurants and the new and sizable restaurants opened in the last financial year, which outweighed the decrease in operating costs resulting from the close down of certain loss-making restaurants. As a result, our revenue, being affected by the abovementioned political issues, was lower than expected and was not sufficient to cover our additional operating costs, resulting in operating loss for our food and beverage business notwithstanding our efforts on expanding our business in exciting locations and with larger scale; and
- (ii) The Group also recorded an increase in operating loss and related administrative expenses of approximately HK\$5.0 million incurred for the preparation and launch of the new interior design and fitting-out business in the PRC. Since the new business was just started in the current period, it is expected that continuous revenue and operating profit will be generated in the coming future.

Regarding our restaurant operation, our management will continue to control costs in order to minimise the effect of the recent social instability.

## Liquidity and Financial Resources

As at 30 September 2019, total assets of the Group amounted to approximately HK\$295.7 million (31 March 2019: HK\$197.1 million) and the bank balances and cash of approximately HK\$10.8 million (31 March 2019: HK\$31.9 million). The bank balances and cash were denominated in HK\$. The Group's working capital was approximately negative HK\$100.4 million (31 March 2019: negative HK\$1.6 million), represented by total current assets of approximately HK\$37.4 million (31 March 2019: HK\$62.6 million) against total current liabilities, net of loans from the former Controlling Shareholders, of approximately HK\$137.8 million (31 March 2019: HK\$64.1 million). The current ratio, being the proportion of total current assets against total current liabilities, was 0.27 (31 March 2019: 0.79). The gearing ratio (being sum of borrowings and amount due to a shareholder divided by the equity attributable to owners of the Company) of the Group as at 30 September 2019 was approximately 0.07 (31 March 2019: 0.13). Total equity attributable to owners of the Company was approximately HK\$85.0 million (31 March 2019: HK\$118.0 million).

On 30 March 2017, the Company entered into loan agreements with the former Controlling Shareholders to borrow an aggregate amounts of HK\$15 million for working capital purpose. The loans are unsecured, carry a fixed interest rate of 3% per annum and have a maturity term of 3 years. The loans were fully repaid in June 2019.

Save as the abovementioned loan from former Controlling Shareholders, the Group did not have other borrowings for the six months ended 30 September 2019 and the year ended 31 March 2019.

## Outlook

Despite the keen competition and challenging operating environment in food and beverage industry in Hong Kong, the Group has emerged as one of the well-known restaurant chains in Hong Kong. During the six months ended 30 September 2019, the Group continued to maintain its focus in serving a variety of cuisines at varying prices under different brands to a diversified customer base in Hong Kong. As at 30 September 2019, the Group is operating 26 restaurants, with 23 full-service restaurants and 3 bakery restaurants.

The Group's strategy in the future is to optimise its existing restaurant portfolios by upgrading existing restaurants and promoting the newly opened "casual style" restaurants and bars of popularity such as Le Pain Quotidien, Ophelia, Iron Fairies & J.Boroski, Dear Lilly and Dragonfly that have brought different dining experiences to the customers. The current restaurant portfolios could upkeep freshness to the customers and increase the cuisine diversification to broaden the Group's customer base. The Group will also develop its own brand to enlarge its share in the market of casual dining restaurants and bars by providing great environment for dining, variety of entertainment such as live band shows, international DJ's performance, broadcast major sporting events and host of costume parties.

The Group is also re-considering the operation strategy and we have relocated one of our renowned restaurants to the Peak. Our management is considering to upgrade our restaurant image and expand our operation in exciting locations in Hong Kong.

On the other hand, the Group will continue to control its operating costs by centralising the purchase bargain with its suppliers to leverage its extensive restaurant network for reduced costs and negotiating with the lessors for leases of longer terms and favourable conditions.

The lower-than-expected revenue during the six months ended 30 September 2019 was mainly due to unexpected political activities in Hong Kong. We believe that the impact of these political activities will not last long and the profitability of the restaurant business will be improved soon.

Growth is a constant topic on top of the mind of the Group's management. The Group plans to expand in terms of geography, the types of businesses and the depth of work where the Group has already been doing a lot today.

The Group's management team has been exploring and evaluating various opportunities of expanding the existing restaurant-related business via value investment and low-cost acquisition. There are two directions that the Group is actively exploring: One is to expand into upstream and downstream of the restaurant supply chain. One example is that the Group's management is desirous of subscribing interest in target company engaged in research and development, cultivation and sales of organic vegetables. The investment in the target company will facilitate a stable and seamless supply of reliable, fresh and high-quality organic vegetables straight from the fields for the Group's daily operations, which is in line with the Company's objectives to deliver the best dining experiences to all diners at the Group's restaurants. The other direction that the Group is actively exploring is to acquire other existing quality restaurant chains at a relatively low cost. Given that the overall macro environment slowed down in the past a few months, some other small branded restaurant chains are facing financial pressure, which open up investment opportunities for the Group with very reasonable price. This provides a good time window for the Group to diversify and expand its restaurant business with relative low cost. One example is that the Group is currently evaluating a target company which engaged in the operation of restaurants in Hong Kong under the brand name of "Cali-Mex". Given the size of the "Life Concept" Group restaurant business and its operational expertise, we believe that there will be clear synergy value generated through these investments and acquisitions. These investment opportunities are still in the process of further evaluation and negotiation. Further details are set out in the section headed "Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures".

The Group also aims to expand from providing high-quality "dining" services to providing various high-quality services in different areas to improve "life" quality.

Based on the Group's past experience in restaurant high-quality interior design and furnishing, the Group launched a new business which provides interior design and fitting-out services carried out in the PRC.

During the six months ended 30 September 2019, 2 non-wholly-owned subsidiaries in the PRC were established to carry out our new interior design and fitting-out business. An experienced local management team was formed for this new business and the initial feedback from the market was very positive. Our new business featured with fashionable and customized one-stop solution aims to provide affordable luxury and environmental-friendly service to the PRC clients. We are also in the process of developing a high-efficient IT system for the whole interior design and fitting-out process to ensure a transparent and satisfying service delivery process. With all these features, we believe the interior design and fitting-out services we provide are very competitive, which differentiate with the other existing players on the market. A number of business service contracts were signed during the six months ended 30 September 2019, and a sizable revenue is expected to be generated in the near future. Living and dining in an elegant environment enabled by high-quality interior design and fitting-out services is an important part of life experience. With the rising demand of high-quality interior design and fitting-out services in the PRC, together with the competitive services we provide, the management of the Group is optimistic about the outlook of the new business launched in the PRC.

Another new business that the Group's management is the process of developing is logistics and financing of the logistics. This business is still in an early stage and we will report more on this when significant progresses are made. The management will continue to look into possible expansion of business in the PRC in order to develop a strong, growing and diversified business sector.

## Foreign Exchange Exposure

Since most of the Group's and Company's transactions are mainly denominated in HK\$, the Directors are of the opinion that the Group's and Company's exposure to foreign exchange rate risk is minimal.

## Pledge of Assets

As at 30 September 2019, save as restricted bank deposits of approximately HK\$5,309,000 (31 March 2019: HK\$5,290,000) for the Group's obligations under certain operating leases, the Group did not pledge any other assets (31 March 2019: Nil).

## Contingent Liabilities

As at 30 September 2019, the Group did not have any significant contingent liabilities (31 March 2019: Nil).

## Capital Commitments

As at 30 September 2019, the Group's outstanding capital commitments was approximately HK\$2,539,000 (31 March 2019: HK\$3,066,000).

## Interim Dividend

The Board has resolved not to declare an interim dividend for the six months ended 30 September 2019 (2018: Nil).

## Employees and Remuneration Policies

As at 30 September 2019, the total number of employees of the Group was 634 (31 March 2019: 725). Total staff costs (including Directors' emoluments) was approximately HK\$95,274,000 for the six months ended 30 September 2019 (2018: HK\$87,810,000).

Employees' remuneration (including Directors' emoluments) is commensurate with their job nature, qualifications and experience. Salaries and wages are normally reviewed annually based on performance appraisals and other relevant factors.

The Group continues to offer competitive remuneration packages and bonus to eligible staff, based on the performance of the Group and the individual employee.

Furthermore, the Company has adopted a share option scheme as an incentive to the Directors and eligible employees. The Group also provides and arranges on-the-job training for the employees.

## Significant Investments

As at 30 September 2019, the Group did not hold any significant investments or capital assets.

## Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

### A. Potential subscription of 70% equity interest in Shanghai Aie Agriculture Technology Company Limited (the "Target Company")

As disclosed in the announcement of the Company dated 23 August 2019, the Group, Shanghai Aie Vegetables Cultivation Specialty Cooperative\* (上海愛娥蔬菜種植事業合作社) (a farmers specialty cooperative established in the PRC) and Mr. Hou Yazhou\* (侯亞洲) (a resident of the PRC, together, the "Founders"), Mr. Hou Xiaoba\* (侯小八) and Mr. Song Qi\* (宋祺) (residents of the PRC, together, the "Original Shareholders") and the Target Company (a company established in the PRC with limited liability) entered with an investment agreement (the "Investment Agreement"), pursuant to which the Group conditionally agreed to subscribe for 70% of the equity interest of the Target Company by way of capital injection in the amount of up to RMB28,000,000 (equivalent to approximately HK\$31,818,182), of which (i) RMB2,333,333 (equivalent to approximately HK\$2,651,515) shall be contributed to the registered capital of the Target Company, and (ii) the remaining RMB25,666,667 (equivalent to approximately HK\$29,166,667) shall be regarded as additional paid-in capital of the Target Company (the "Subscription"). The Founders, the Original Shareholders and the Target Company are third parties independent of the Company and its connected persons (as defined under the GEM Listing Rules).

The Target Company is mainly engaged in research and development, cultivation and sales of organic vegetables. The Target Company currently owns three patents in relation to organic vegetables cultivation and planting systems. As at 30 June 2019, the net asset value of the Target Company based on the unaudited management accounts of the Target Company was RMB13,100,000 (equivalent to HK\$14,886,364).

As stated in the annual report of the Company for the year ended 31 March 2019, after the detailed review of the business operations and financial position of the Group, the Company has identified a number of action items to diversify and refine the businesses with a view to reposition its operational sphere and increase its sources of income, including optimization of various supply chain components, geographical expansion into the PRC and investment in businesses with a view to generate synergy for the Group. The Subscription is one of the initiatives of the Company to diversify its businesses into the upstream supply chain operations and gain wider exposure in the PRC markets. As the Target Company engages in the research and development, cultivation and sales of organic vegetables, the investment in the Target Company will facilitate a stable and seamless supply of reliable, fresh and high-quality organic vegetables straight from the fields for the Group's daily operations, which is in line with the Company's objectives to deliver the best dining experiences to all diners at the Group's restaurants. The Company considers that the Subscription will benefit the Company's business operations in the long-term and also enhance our corporate profile, reputation and competitiveness of the Group.

Upon completion of the Subscription, the registered capital of the Target Company will be increased to RMB3,333,333 (equivalent to approximately HK\$3,787,878) and the Target Company will be owned as to 70% by the Group, 25% by Mr. Hou Xiaoba and 5% by Mr. Song Qi. Accordingly, the Target Company will become a subsidiary of the Company and the financial information of the Target Company will be consolidated into the financial information of the Group.

For further details, please refer to the announcements of the Company dated 23 August 2019 and 13 September 2019.



**B. Possible acquisition of Champ Global Investments Limited (“Champ Global”, together with its subsidiaries from time to time, the “Champ Global Group”)**

As disclosed in the announcement of the Company dated 15 October 2019, the Group entered into a non-legally binding term sheet (the “**Term Sheet**”) in relation to the possible acquisition (the “**Possible Acquisition**”) of the entire issued share capital of Champ Global. Champ Global is a company incorporated in Hong Kong with limited liability. The Champ Global Group is principally engaged in the operation of restaurants in Hong Kong under the brand name of “Cali-Mex”.

Save for the provisions relating to confidentiality and governing law and jurisdiction, the Term Sheet does not create legally binding obligations on the parties thereto.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, each of the vendors of the Possible Acquisition and their respective ultimate beneficial owners is a third party independent of the Company and its connected persons (as defined under the GEM Listing Rules).

Save as disclosed above, the Group did not have any material acquisition or disposal of subsidiaries or associates during the six months ended 30 September 2019 and have no other plans for material investments and capital assets.

\* *For identification purposes only*

## DISCLOSURE OF ADDITIONAL INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2019, the interests and short positions of the Directors and the 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 notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

#### Long positions

##### (a) Shares in the Company:

Name of Director	Capacity/Nature of Interest	No. of shares and underlying shares	Approximate percentage of shareholding
Mr. James Fu Bin Lu ("Mr. James Lu") <sup>Note</sup>	Interest of spouse/Family interest	607,600,000 (L)	74.99%

Note: These shares of the Company are held by Strong Day Holdings Limited ("Strong Day"). Strong Day is 25% owned by Ms. Li Qing Ni, the spouse of Mr. James Lu. By virtue of the SFO, Mr. James Lu is deemed to be interested in the shares of the Company held by Strong Day. Mr. James Lu is also a director of Strong Day.

(L) Long position

##### (b) Shares in associated corporation of the Company:

Name of Director	Name of associated corporation	Capacity/Nature of interest	No. of shares and underlying shares	Approximate percentage of shareholding
Mr. James Lu	Strong Day	Interest of spouse/ Family interest	299	29.90%

Save as disclosed above, as at 30 September 2019, none of the Directors and chief executive of the Company has any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 September 2019, the interests and short positions of substantial shareholders and other persons (not being a Director or the chief executive of the Company) in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

### Long positions of the shares of the Company:

Name	Capacity/Nature of interest	No. of shares	Approximate percentage of shareholding
Strong Day <sup>Note</sup>	Beneficial owner/Personal interest	607,600,000 (L)	74.99%
Excel Precise International Limited ("Excel Precise") <sup>Note</sup>	Person having a security interest in shares/Others	607,600,000 (L)	74.99%
True Promise Investment Limited ("True Promise") <sup>Note</sup>	Interest in controlled corporation/ Corporate interest	607,600,000 (L)	74.99%
Mr. Law Fei Shing ("Mr. Law") <sup>Note</sup>	Interest in controlled corporation/ Corporate interest	607,600,000 (L)	74.99%

Note: These shares of the Company are held by Strong Day. Excel Precise is the lender of record which has direct interest on the shares of the Company pledged by Strong Day. Excel Precise is owned as to 73.50% by True Promise and 25% by Mr. Law. True Promise is wholly owned by Mr. Law. By virtue of the SFO, True Promise and Mr. Law are deemed to be interested in the shares of the Company pledged to Excel Precise.

(L) Long position

Save as disclosed above, as at 30 September 2019, so far as it was known by or otherwise notified to the Directors or the chief executive of the Company, no other corporations or persons (other than a Director or the chief executive of the Company) had interest or short positions in the shares and the underlying shares of the Company, which/who would notified to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO.

## SHARE OPTION SCHEME

### (a) Pre-IPO Share Option Scheme

The Company's Pre-IPO Share Option Scheme was adopted on 14 July 2016 and the principal terms of which were set out in the Prospectus. Upon the completion of mandatory unconditional cash offer as disclosed in the announcement dated 12 December 2018, the remaining 40,750,000 share options under the Pre-IPO Share Option Scheme were cancelled.

There was no share option outstanding as at 30 September 2019 and no share options were granted, exercised or cancelled or lapsed under the Pre-IPO Share Option Scheme during the six months ended 30 September 2019.

### (b) Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme was approved by the shareholders of the Company on 14 July 2016 for attracting and retaining the best available personnel of our Group, and providing incentives or rewards to eligible persons of the Group for their contribution to the success of the Group's business.

There was no share option outstanding as at 30 September 2019 and no share options were granted, exercised or cancelled or lapsed under the Post-IPO Share Option Scheme during the six months ended 30 September 2019.

## PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

The Company did not redeem any of the shares of the Company listed on GEM nor did the Company or any of its subsidiaries purchase or sell any such shares of the Company during the six months ended 30 September 2019.

## DIRECTORS' INTERESTS IN CONTRACTS

During the six months ended 30 September 2019, no Director had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or its holding company or any of its subsidiaries or fellow subsidiaries was a party.

## DIRECTORS' INTEREST IN COMPETING INTERESTS

During the six months ended 30 September 2019, none of the Directors or substantial shareholders of the Company or any of their respective close associates (as defined in the GEM Listing Rules) has engaged in any business that competed or might compete with the business of the Group, or have any other conflict of interests with the Group.

## DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted the required standard of dealings in the securities (the **"Required Standard of Dealings"**) as contained in Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct for dealings in the securities of the Company by the Directors.

Having made specific enquiries by the Company, all the Directors have confirmed that they had complied with the Required Standard of Dealings during the six months ended 30 September 2019.

## COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

To the best knowledge of the Directors, the Directors consider that up to the date of this report, the Company has complied with all the applicable code provisions of Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules (the **"CG Code"**), except for certain deviations as specified with considered reasons for such deviations as explained below.

- (a) Under code provision A.2.1 of the CG Code, the roles of the chairman and chief executive officer should be separated and should not be performed by the same individual.

During the six months ended 30 September 2019, the Company has not separated the roles of chairman and chief executive officer of the Company. Mr. James Lu is our chairman and chief executive officer of the Company. The Board believes that vesting the roles of both the chairman and the chief executive officer in the same person provides the Company with strong and consistent leadership, and allows for effective and efficient planning and implementation of business decisions and strategies. The Board shall nevertheless review the structure from time to time to ensure appropriate move is being taken should suitable circumstances arise.

- (b) Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

There was no service contract/letter of appointment entered into between the non-executive Director/independent non-executive Directors and the Company, however their appointments are subject to retirement by rotation and re-election pursuant to the articles of association of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those provided in the CG Code.

## INTERESTS OF THE COMPLIANCE ADVISER

China Tonghai Capital Limited (previously known as Oceanwide Capital Limited, the **"Then Compliance Adviser"**) ceased to act as the Company's compliance adviser with effect from 28 June 2019, being the day after the dispatch date of the annual report for the second full financial year commencing after the listing of Shares on GEM on 5 August 2016. As confirmed by the Then Compliance Adviser, save for the compliance adviser agreement entered into between the Company and the Then Compliance Adviser dated 22 September 2015, none of the Then Compliance Adviser or its directors, employees or close associates (as defined in the GEM Listing Rules) had any interest in relation to the Company or any member of the Group (including interest in the securities of the Company or any member of the Group, and options or rights to subscribe for such securities) during the period from 1 April 2019 to 27 June 2019, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

## AUDIT COMMITTEE

Pursuant to Rule 5.28 of the GEM Listing Rules, the Board has established an Audit Committee with written terms of reference aligned with the code provisions set out in Appendix 15 of the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures of the Group. As at the date of this report, the Audit Committee comprises Mr. Shi Kangping (chairman of the Audit Committee), Mr. Fei Dingan and Mr. Lu Cheng, all of whom are independent non-executive Directors.

The unaudited consolidated results of the Group for the six months ended 30 September 2019 and this report of the Company have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results and report complied with the applicable accounting standards, the GEM Listing Rules and other legal requirements and that adequate disclosures have been made.

By order of the Board  
**Life Concepts Holdings Limited**  
**James Fu Bin Lu**  
*Chairman, Chief executive officer and executive Director*

Hong Kong, 13 November 2019

*As at the date of this report, the executive Directors are Mr. James Fu Bin Lu (Chairman and Chief executive officer), Mr. Sandeep Sekhri and Mr. Long Hai; the non-executive Director is Mr. Li Lun; and the independent non-executive Directors are Mr. Lu Cheng, Mr. Fei Dingan and Mr. Shi Kangping.*