LIFE CONCEPTS

Life Concepts Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8056

THIRD QUARTERLY 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 and the Group. 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.*

The board of Directors (the **"Board"**) presents the unaudited condensed consolidated results of the Group for the nine months ended 31 December 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 nine months ended 31 December 2019 was approximately HK$381.4 million, representing a decrease of approximately 14.4% when compared with that of the corresponding period in 2018.
- Loss and total comprehensive expense attributable to owners of the Company for the nine months ended 31 December 2019 was approximately HK$49.8 million, represents an increase in loss and total comprehensive expense of approximately 146.8% 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 recognised during the nine months ended 31 December 2019.
- The Group had completed the subscription of 70% equity interest in Shanghai Aie Agriculture Technology Company Limited in November 2019 and it is consolidated into the consolidated financial statements of the Group as from December 2019.
- The Board did not declare any dividend for the nine months ended 31 December 2019 (for the nine months ended 31 December 2018: nil).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine months ended 31 December 2019

	Notes	For the three months ended 31 December		For the nine months ended 31 December	
		2019 HK$'000 (Unaudited)	2018 HK$'000 (Unaudited)	2019 HK$'000 (Unaudited)	2018 HK$'000 (Unaudited)
Revenue	2	117,813	170,063	381,366	445,674
Cost of inventories consumed		(28,076)	(38,413)	(92,313)	(102,459)
Staff costs		(43,011)	(50,675)	(138,285)	(138,485)
Depreciation and amortisation		(30,798)	(11,811)	(97,532)	(35,621)
Rental and related expenses		(2,723)	(28,430)	(10,438)	(83,156)
Utilities and consumables		(4,353)	(5,861)	(14,646)	(17,687)
Franchise and licensing fees		(1,854)	(3,505)	(7,188)	(9,024)
Other expenses		(21,794)	(23,939)	(64,623)	(62,436)
Other gains and losses		(1,190)	(9,489)	(1,994)	(11,395)
Finance costs		(922)	(113)	(3,030)	(339)
Loss before taxation		(16,908)	(2,173)	(48,683)	(14,928)
Taxation	3	(543)	(2,302)	(2,279)	(5,235)
Loss for the period		(17,451)	(4,475)	(50,962)	(20,163)
Loss for the period attributable to:					
– owners of the Company		(16,813)	(4,475)	(49,707)	(20,163)
– non-controlling interests		(638)	—	(1,255)	—
		(17,451)	(4,475)	(50,962)	(20,163)
Loss per share-basic (HK$)	5	(0.02)	(0.006)	(0.06)	(0.025)
Loss per share-diluted (HK$)	5	N/A	(0.006)	N/A	(0.025)
Loss for the period		(17,451)	(4,475)	(50,962)	(20,163)
Other comprehensive expense					
Item that may reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations		(22)	—	(50)	—
Loss and total comprehensive expense for the period		(17,473)	(4,475)	(51,012)	(20,163)
Attributable to:					
– owners of the Company		(16,835)	(4,475)	(49,757)	(20,163)
– non-controlling interests		(638)	—	(1,255)	—
		(17,473)	(4,475)	(51,012)	(20,163)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the nine months ended 31 December 2019

	Attributable to owners of the Company								
	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	Total 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	—	—	—	—	—	(20,163)	(20,163)	—	(20,163)
At 31 December 2018	63,037	28,785	27,313	—	7,416	(841)	125,710	—	125,710
(Unaudited)									
At 1 April 2019	63,037	28,785	27,313	(2)	—	(1,179)	117,954	—	117,954
Loss for the period	—	—	—	—	—	(49,707)	(49,707)	(1,255)	(50,962)
Exchange differences arising on translation of foreign operations	—	—	—	(50)	—	—	(50)	—	(50)
Loss and total comprehensive expense recognised for the period	—	—	—	(50)	—	(49,707)	(49,757)	(1,255)	(51,012)
Acquisition of a subsidiary	—	—	—	—	—	—	—	3,563	3,563
Capital injection	—	—	—	—	—	—	—	9,688	9,688
At 31 December 2019	63,037	28,785	27,313	(52)	—	(50,886)	68,197	11,996	80,193

1. GENERAL INFORMATION, BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on GEM of the Stock Exchange. 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; (ii) interior design and fitting-out business; and (iii) provision of consulting services in relation to organic vegetables research and development, plantation and sales.

These unaudited condensed consolidated financial statements for the nine months ended 31 December 2019 have been prepared in accordance with the accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosure provisions of Chapter 18 of the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated financial statements for the nine months ended 31 December 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 Hong Kong Financial Reporting Standards (the "**New and Revised HKFRSs**") (which include all HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the HKICPA that are adopted for the first time for the current period's financial statements.

Other than as explained in the 2019/20 interim report regarding the impacts of HKFRS 16, the adoption of the New and Revised HKFRSs has had no significant effect on these unaudited condensed consolidated financial statements for the nine months ended 31 December 2019 and there have been no significant changes to the accounting policies applied in these unaudited condensed consolidated financial statements for the nine months ended 31 December 2019.

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.

These unaudited condensed consolidated financial statements for the nine months ended 31 December 2019 have been prepared on the historical cost basis. These unaudited condensed consolidated financial statements for the nine months ended 31 December 2019 are presented in Hong Kong dollars ("**HK$**"), which is the functional currency of the Company and its major subsidiaries.

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

2. REVENUE

(i) Disaggregation of revenue from contracts with customers

	For the three months ended 31 December		For the nine months ended 31 December	
	2019 HK$'000 (Unaudited)	2018 HK$'000 (Unaudited)	2019 HK$'000 (Unaudited)	2018 HK$'000 (Unaudited)
Revenue from contracts with customers				
Italian style	18,725	41,245	66,482	113,206
Western style	83,145	103,660	260,345	262,201
Asian style	14,827	25,158	50,648	70,267
Operation of restaurants	116,697	170,063	377,475	445,674
Provision of interior design and fitting-out services	822	—	3,597	—
Provision of organic vegetables consulting services	294	—	294	—
	117,813	170,063	381,366	445,674
Geographical location				
Mainland China	1,116	—	3,891	—
Hong Kong	116,697	170,063	377,475	445,674
	117,813	170,063	381,366	445,674
Timing of revenue recognition				
A point in time	116,697	170,063	377,475	445,674
Over time	1,116	—	3,891	—
	117,813	170,063	381,366	445,674

(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 input method. Contracts with the Group's customers are agreed in fixed-price.

Provision of organic vegetables consulting services (revenue recognised over time)

The Group provides consulting services in relation to organic vegetables research and development, plantation and sales. Revenue is recognised for such consulting services on a monthly basis based on a pre-determined percentage of customer's monthly revenue amount as agreed in contracts.

2. REVENUE (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:

	31 December 2019 HK$'000 (Unaudited)
Provision of interior design and fitting-out services	
– Within one year	14,036

No transaction price allocated to the remaining performance obligation for contracts with customers that remain outstanding was noted as at 31 December 2018.

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.

3. TAXATION

	For the three months ended 31 December		For the nine months ended 31 December	
	2019 HK$'000 (Unaudited)	2018 HK$'000 (Unaudited)	2019 HK$'000 (Unaudited)	2018 HK$'000 (Unaudited)
Hong Kong Profits Tax	538	2,447	2,274	5,401
Under (over) provision in respect of prior years	5	(145)	5	(166)
	543	2,302	2,279	5,235

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

4. DIVIDEND

The Board does not declare any dividend for the nine months ended 31 December 2019 (31 December 2018: nil).

5. 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 31 December		For the nine months ended 31 December	
	2019 (Unaudited)	2018 (Unaudited)	2019 (Unaudited)	2018 (Unaudited)
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share (HK$'000)	(16,813)	(4,475)	(49,707)	(20,163)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share (in thousands)	810,250	810,250	810,250	810,250

For the nine months ended 31 December 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.

There was no outstanding share option for the nine months ended 31 December 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

During the nine months ended 31 December 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; (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; and (iii) provision of consulting services in relation to organic vegetables research and development, plantation and sales in the PRC.

Business Review

Food and Beverage Business

During the nine months ended 31 December 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.

During the nine months ended 31 December 2019, the operating results of our restaurants have been negatively impacted by the unexpected political activities in Hong Kong arising from the anti-extradition bill protests since June 2019. As a result, the Company recorded an increase in operating loss for our food and beverage business notwithstanding our efforts on expanding our business in exciting locations and with larger scale.

Interior Design and Fitting-out Business and Provision of Organic Vegetables Consulting Services

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 nine months ended 31 December 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 31 December 2019, service contracts with a total contract sum amounting to approximately RMB17.3 million (equivalent to approximately HK$19.5 million) were signed with independent third parties. During the nine months ended 31 December 2019, revenue was recognised in this segment according to the stage of completion of the respective project.

Meanwhile, the Group had completed the subscription of 70% equity interest in Shanghai Aie Agriculture Technology Company Limited in November 2019 and it is consolidated into the consolidated financial statements of the Group as from December 2019. Currently, the size of such business of the Group is relatively small with a narrow base of customers.

Operating loss of approximately HK4.3 million was incurred in the start-up stage of these businesses during the nine months ended 31 December 2019.

Financial Review

Revenue

During the nine months ended 31 December 2019, the Group's revenue was generated from (i) the operation of restaurants in Hong Kong; (ii) provision of interior design and fitting-out services in the PRC; and (iii) provision of organic vegetables consulting services. As at 31 December 2019, we were operating 25 (2018: 27) restaurants, of which no restaurant (2018: 2) was newly established and 2 restaurants (2018: 3) were closed or disposed of.

The Group served mainly three categories of cuisines during the nine months ended 31 December 2019. The table below sets forth a breakdown of the Group's revenue generated by (i) operation of restaurants by type of cuisines; (ii) provision of interior design and fitting-out services; and (iii) provision of organic vegetables consulting services, and as a percentage of total revenue during the nine months ended 31 December 2019:

	For the three months ended 31 December				For the nine months ended 31 December			
	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	83,145	70.6	103,660	61.0	260,345	68.3	262,201	58.8
Italian style	18,725	15.9	41,245	24.3	66,482	17.4	113,206	25.4
Asian style	14,827	12.6	25,158	14.7	50,648	13.3	70,267	15.8
Operation of restaurants	116,697	99.1	170,063	100.0	377,475	99.0	445,674	100.0
Provision of interior design and fitting-out services	822	0.7	—	—	3,597	0.9	—	—
Provision of organic vegetables consulting services	294	0.2	—	—	294	0.1	—	—
Total	117,813	100.0	170,063	100.0	381,366	100.0	445,674	100.0

Western style restaurants

The revenue generated from operation of Western style restaurants decreased by approximately HK$1.9 million, or approximately 0.7%, from approximately HK$262.2 million for the nine months ended 31 December 2018 to approximately HK$260.3 million for the nine months ended 31 December 2019. Such decrease was mainly due 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, partially offset by the increase in revenue derived from the restaurant relocated in February 2019.

Italian style restaurants

The revenue generated from operation of Italian style restaurants decreased by approximately HK$46.7 million, or approximately 41.3%, from approximately HK$113.2 million for the nine months ended 31 December 2018 to approximately HK$66.5 million for the nine months ended 31 December 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$19.6 million, or approximately 27.9%, from approximately HK$70.3 million for the nine months ended 31 December 2018 to approximately HK$50.6 million for the nine months ended 31 December 2019. The decrease in revenue was primarily attributable to the decreases in (i) revenue derived from a restaurant closed in last financial year and another restaurant closed in December 2019; 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$3.6 million for the nine months ended 31 December 2019. During the nine months ended 31 December 2019, 3 projects were on-going and expected to be completed within 1 year.

Provision of organic vegetables consulting services

The Group had completed the subscription of 70% equity interest in Shanghai Aie Agriculture Technology Company Limited in November 2019, which is consolidated into the consolidated financial statements of the Group as from December 2019. For the nine months ended 31 December 2019, the revenue generated from provision of consulting services in relation to organic vegetables research and development, plantation and sales was approximately HK$0.3 million.

Cost of 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$102.5 million and HK$92.3 million for each of nine months ended 31 December 2018 and 2019, respectively, representing approximately 23.0% and 24.2% 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 slightly decreased by approximately HK$0.2 million from approximately HK$138.5 million for the nine months ended 31 December 2018 to approximately HK$138.3 million for the nine months ended 31 December 2019. The slight decrease in staff costs was mainly due to the decrease in number of staff for Hong Kong office and restaurants as a result of cost control, partially offset by the increases in staff costs incurred for the new businesses in the PRC of approximately HK$3.7 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$77.5 million for the nine months ended 31 December 2019. Comparing to the rental and related expenses of approximately HK$83.2 million for the nine months ended 31 December 2018, the 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 businesses.

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 nine months ended 31 December 2018 and 2019, the Group recognised other expenses of approximately HK$62.4 million and HK$64.6 million, respectively, representing approximately 14.0% and 16.9% of the Group's total revenue for the corresponding periods. No material fluctuation noted for the other expenses incurred durring the nine months ended 31 December 2019 when compared with that of the corresponding period in 2018.

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 the Company

Loss attributable to owners of the Company for the nine months ended 31 December 2019 was approximately HK$49.7 million, while the loss attributable to owners of the Company for the nine months ended 31 December 2018 was approximately HK$20.2 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 have been negatively impacted by the unexpected political activities in Hong Kong arising from the anti-extradition bill protests since June 2019, which outweighted the decrease in the operating costs of our food and beverage business, comprising mainly cost of inventories consumed, staff costs and other operating expenses as a result of our cost control and the close down of certain loss-making restaurants. As a result, the Company recorded an increase 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 operating loss and incurred related administrative expenses of approximately HK$8.1 million for the preparation and launch of the new interior design and fitting-out business and provision of organic vegetables consulting services in the PRC. Since the new businesses had just been started in the reporting period, it is expected that continuous revenue will be generated in the coming future.

Separately, for the nine months ended 31 December 2018, the Company recorded one-off impairment losses on property, plant and equipment of approximately HK$6.3 million and HK$3.2 million, respectively, for a Western restaurant and an Asian restaurant which were closed down during such period. No such impairment loss was recognised during the nine months ended 31 December 2019.

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

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 nine months ended 31 December 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 31 December 2019, the Group is operating 25 restaurants, with 22 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 nine months ended 31 December 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 management team of the Group has been exploring and evaluating various opportunities to expand the existing catering-related businesses through value investment and low-cost acquisition. The Group is actively exploring the acquisition of other existing quality restaurant chains at a relatively low cost. In view of the slowdown of the overall macro-environment in the past few months, certain other small-brand restaurant chains have faced financial pressure, which has provided the Group with opportunities to seek investment at reasonable prices. It provides a good opportunity for the Group to diversify and expand its catering business at a relatively low cost. For example, the Group is currently evaluating a target company that operates restaurants in Hong Kong under the brand "Cali-Mex". Given the scale of the size of business and operational expertise of the restaurants of "Life Concepts" Group, we believe such investments and acquisitions shall generate significant synergistic value. These investment opportunities are still in the process of further evaluation and negotiation. Further details are set out in the section headed "Management Discussion and Analysis — Material Acquisitions and Disposals".

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 in the PRC.

During the nine months ended 31 December 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 contacts were signed during the nine months ended 31 December 2019, and continuous 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.

The Group had completed the subscription of 70% equity interest in Shanghai Aie Agriculture Technology Company Limited in November 2019. As a new business of the Group, consulting services in relation to organic vegetables research and development, plantation and sales relies on the extensive managerial experience of the operating team and advanced patents and technologies. As living standards are rising, the demands towards quality of food ingredients are increasing, which could be a critical component of the Group's diversified development structure and deployment.

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 31 December 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**") Note	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 31 December 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 31 December 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 shareholdering
Strong Day Note	Beneficial owner/Personal interest	607,600,000 (L)	74.99%
Excel Precise International Limited ("**Excel Precise**") Note	Person having a security interest in shares/Others	607,600,000 (L)	74.99%
True Promise Investment Limited ("**True Promise**") Note	Interest in controlled corporation/Corporate interest	607,600,000 (L)	74.99%
Mr. Law Fei Shing ("**Mr. Law**") Note	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 31 December 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 31 December 2019 and no share options were granted, exercised or cancelled or lapsed under the Pre-IPO Share Option Scheme during the nine months ended 31 December 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 31 December 2019 and no share options were granted, exercised or cancelled or lapsed under the Post-IPO Share Option Scheme during the nine months ended 31 December 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 nine months ended 31 December 2019.

DIRECTORS' INTERESTS IN CONTRACTS

During the nine months ended 31 December 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 nine months ended 31 December 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 nine months ended 31 December 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 nine months ended 31 December 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 of the Company 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 nine months ended 31 December 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.

DIVIDEND

The Board has resolved not to declare any dividend for the nine months ended 31 December 2019 (2018: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS

A. Subscription of 70% equity interest in Shanghai Aie Agriculture Technology Company Limited* (上海愛娥農業科技有限責任公司) (the "Target Company")

As disclosed in the announcement of the Company dated 23 August 2019, the Group, Shanghai Aie Vegetables Cultivation Specialty Cooperative* (上海愛娥蔬菜種植專業合作社) (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 into 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 the 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.

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

The Subscription had been completed in November 2019 and the Target Company has become a subsidiary of the Group and its financial information has been consolidated into the consolidated financial statements of the Group as from December 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).

As at the date of this report, no legally-binding agreement has been entered into by the Group with the vendors in respect of the Possible Acquisition.

For details, please refer to the announcement of the Company dated 15 October 2019.

Save as disclosed above, the Group did not have any material acquisition or disposal of subsidiaries or associates during the nine months ended 31 December 2019 and has no other plans for material investments and capital assets.

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

Hong Kong, 10 February 2020

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.