



**LIFE CONCEPTS**

# Life Concepts Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8056

## INTERIM REPORT 2020/21



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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*)

Ms. Li Qing Ni

Mr. Long Hai

#### Independent Non-executive Directors:

Mr. Lu Cheng

Mr. Kim Jin Tae

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. Kim Jin Tae

Mr. Lu Cheng

### REMUNERATION COMMITTEE

Mr. Lu Cheng (*Chairman*)

Mr. Kim Jin Tae

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

Ocorian 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 interim results of the Group for the six months ended 30 September 2020, together with the unaudited comparative figures for the corresponding period in 2019 as set out below.

## FINANCIAL HIGHLIGHTS

- The Group’s revenue for the six months ended 30 September 2020 was approximately HK\$70.1 million, representing a decrease of approximately 73.4% when compared with that of the corresponding period in 2019.
- Loss and total comprehensive loss attributable to owners of the Company for the six months ended 30 September 2020 was approximately HK\$20.3 million, representing a decrease in loss and total comprehensive loss attributable to owners of the Company of approximately 38.4% when compared with that of the corresponding period in 2019.
- The Group disposed 100% equity interests in each of Most Glory Holdings Limited, Success Glory Limited and New Era Worldwide Limited in April 2020 and the financial results of these companies were no longer consolidated into the condensed consolidated financial statements of the Group.
- A new financial institution intermediation business was launched by the Group in the People’s Republic of China (the “**PRC**”) in May 2020. Financial results of the Group’s financial institution intermediation business were included in the condensed consolidated financial statements of the Group for the six months ended 30 September 2020.
- The Board did not declare any dividend for the six months ended 30 September 2020 (for the six months ended 30 September 2019: Nil).

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

For the six months ended 30 September 2020

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	5	29,230	118,689	70,110	263,553
Cost of sales and inventories consumed		(8,064)	(29,215)	(17,667)	(64,237)
Employee benefits expenses		(17,558)	(44,274)	(36,005)	(95,274)
Depreciation and amortisation		(14,457)	(31,910)	(29,955)	(66,734)
Rental and related expenses		(336)	(3,576)	(896)	(7,715)
Utilities and consumables		(1,311)	(4,732)	(2,892)	(10,293)
Franchise and licensing fees		(455)	(2,323)	(1,010)	(5,334)
Other expenses		(1,637)	(19,847)	(3,981)	(42,829)
Other gain/(loss), net		985	(842)	849	(804)
Finance costs, net	6	(361)	(957)	(803)	(2,108)
Loss before income tax		(13,964)	(18,987)	(22,250)	(31,775)
Income tax credit/(expense)	7	238	(682)	510	(1,736)
Loss for the period	8	(13,726)	(19,669)	(21,740)	(33,511)
<b>Other comprehensive income/(loss)</b>					
Item that may be reclassified to profit or loss:					
Exchange differences on translation of foreign operations		77	13	59	(28)
<b>Total comprehensive loss for the period</b>		(13,649)	(19,656)	(21,681)	(33,539)
<b>Loss for the period attributable to:</b>					
– Owners of the Company		(12,722)	(19,267)	(19,841)	(32,894)
– Non-controlling interests		(1,004)	(402)	(1,899)	(617)
		(13,726)	(19,669)	(21,740)	(33,511)
<b>Total comprehensive loss attributable to:</b>					
– Owners of the Company		(13,152)	(19,254)	(20,277)	(32,922)
– Non-controlling interests		(497)	(402)	(1,404)	(617)
		(13,649)	(19,656)	(21,681)	(33,539)
<b>Loss per share attributable to owners of the Company:</b>					
–Basic and diluted (HK\$)	10	(0.02)	(0.02)	(0.02)	(0.04)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

	Notes	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	15,137	24,508
Right-of-use assets	11	56,527	73,119
Intangible assets	11	23,239	26,069
Rental and utilities deposits		17,755	23,259
Deposit for property, plant and equipment		1,047	2,043
Restricted bank deposits	13	30,714	3,023
Advance to a related party	17	11,421	—
		155,840	152,021
<b>Current assets</b>			
Inventories		2,761	3,692
Trade and other receivables	12	20,709	11,110
Contract assets	12	1,298	1,298
Advance to a related party	17	—	2,640
Income tax recoverable		5,402	1,009
Cash and cash equivalents		12,096	26,877
		42,266	46,626
<b>Total assets</b>		<b>198,106</b>	<b>198,647</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	15	63,037	63,037
Reserves		(96,127)	(75,850)
		(33,090)	(12,813)
Non-controlling interests		14,157	11,168
		(18,933)	(1,645)

	Notes	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		25,499	41,372
Provisions		3,320	3,890
Deferred tax liabilities		2,859	3,294
		31,678	48,556
<b>Current liabilities</b>			
Trade and other payables	14	43,323	46,626
Contract liabilities		1,134	1,930
Lease liabilities		46,700	57,839
Amounts due to related parties	17	—	7,246
Amounts due to directors	17	57,422	16,583
Loan from third parties	14	36,663	20,360
Current tax liabilities		119	1,152
		185,361	151,736
<b>Total liabilities</b>		217,039	200,292
<b>Total equity and liabilities</b>		198,106	198,647

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2020

	Attributable to owners of the Company							
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Translation reserve HK\$'000	Retained earnings/ (accumulated losses)	Subtotal HK\$'000	Attributable to non- controlling interests HK\$'000	Total HK\$'000
					HK\$'000			
At 1 April 2019 (audited)	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 on translation of foreign operations	—	—	—	(28)	—	(28)	—	(28)
Total comprehensive loss for the period	—	—	—	(28)	(32,894)	(32,922)	(617)	(33,539)
At 30 September 2019 (unaudited)	63,037	28,785	27,313	(30)	(34,073)	85,032	(617)	84,415
At 1 April 2020 (audited)	63,037	28,785	27,313	89	(132,037)	(12,813)	11,168	(1,645)
Loss for the period	—	—	—	—	(19,841)	(19,841)	(1,899)	(21,740)
Exchange differences on translation of foreign operations	—	—	—	(436)	—	(436)	495	59
Total comprehensive loss for the period	—	—	—	(436)	(19,841)	(20,277)	(1,404)	(21,681)
Capital injection from non-controlling shareholders	—	—	—	—	—	—	4,393	4,393
At 30 September 2020 (unaudited)	63,037	28,785	27,313	(347)	(151,878)	(33,090)	14,157	(18,933)

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2020

	For the six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	(7,001)	37,639
INVESTING ACTIVITIES		
Purchase of and deposits paid for property, plant and equipment	(1,125)	(3,739)
Purchase of intangible assets	—	(201)
Proceeds from disposals of property, plant and equipment	162	147
Advance to a related party	(8,781)	—
Proceeds from disposals of subsidiaries	1,754	—
Increase of restricted bank deposits	(27,650)	—
NET CASH USED IN INVESTING ACTIVITIES	(35,640)	(3,793)
FINANCING ACTIVITIES		
Inception of loan from third parties	16,303	—
Repayment of lease liabilities	(25,929)	(45,536)
Advance from directors	40,839	—
Repayment of loans from former controlling shareholders	—	(15,000)
Interest paid	(59)	(94)
Repayment of loan from related parties	(7,113)	—
Capital injection from non-controlling shareholders	4,393	—
Advance from a shareholder	—	5,740
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	28,434	(54,890)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(14,207)	(21,044)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	26,877	31,900
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(574)	(47)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by bank balances and cash	12,096	10,809

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

## 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 in Hong Kong; (ii) interior design and fitting-out business; (iii) provision of consulting services in relation to organic vegetables research and development, plantation and sales; and (iv) financial institution intermediation services.

## 2. BASIS OF PREPARATION AND PRESENTATION

These unaudited condensed consolidated financial statements for the six months ended 30 September 2020 have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules and comply 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\$143,095,000 as at 30 September 2020 and incurred a net loss of approximately HK\$21,740,000 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 2020 are presented in Hong Kong dollars (“**HK\$**”), which is the functional currency of the Company.

## 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 2020.

The adoption of the new amendments to HKFRSs in the current interim period has had no significant effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

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 2020 are consistent with those adopted in the preparation of audited consolidated financial statements included in the Company's 2019/20 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 2020 have been prepared on the historical cost basis.

The condensed consolidated financial statements have not been audited or reviewed by the Company's independent auditor, 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	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
<b>Revenue from contracts with customers</b>				
Italian style	4,646	17,345	11,910	47,757
Western style	22,383	82,069	52,398	177,200
Asian style	1,781	16,500	4,909	35,821
Operation of restaurants	28,810	115,914	69,217	260,778
Provision of interior design and fitting-out services	—	2,775	—	2,775
Provision of organic vegetables consulting services	420	—	893	—
Provision of financial institution intermediation services	—	—	—	—
	29,230	118,689	70,110	263,553
<b>Geographical location</b>				
Mainland China	420	2,775	893	2,775
Hong Kong	28,810	115,914	69,217	260,778
	29,230	118,689	70,110	263,553
<b>Timing of revenue recognition</b>				
A point in time	28,810	115,914	69,217	260,778
Over time	420	2,775	893	2,775
	29,230	118,689	70,110	263,553

The transaction price allocated to the satisfied performance obligation for provision of organic vegetables consulting services is not disclosed because it is variable consideration and cannot be estimated as it is dependent on customers' future revenue.

For all contracts for provision of food and beverages and provision of interior design and fitting-out services for periods of one year or less, as permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

## 5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### (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. Customer deposits for corporate events are recognised as contract liability.

#### Provision of 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.

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

#### 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.

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 Asian style. In addition, the CODM also reviews performance of catering management and design services, provision of interior design and fitting-out services, provision of organic vegetables consulting services and provision of financial institution intermediation 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 2020 (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	Organic vegetables consulting services HK\$'000	Financial institution intermediation services HK\$'000	Elimination HK\$'000	Total HK\$'000
Revenue									
Total segment revenue	11,910	52,398	4,909	4,481	—	893	—	(4,481)	70,110
Inter-segment revenue	—	—	—	(4,481)	—	—	—	4,481	—
Revenue from external customers	11,910	52,398	4,909	—	—	893	—	—	70,110
Segment results	(355)	(446)	(2,572)	90	(2,529)	(2,383)	(2,800)	(90)	(11,085)
Unallocated employee benefit expenses									(9,893)
Unallocated depreciation and amortisation									(1,374)
Unallocated rental and related expenses									(130)
Unallocated utilities and consumables									(214)
Unallocated other income									212
Unallocated other gain									282
Finance costs									(48)
Loss before income tax									(22,250)
Income tax credit									510
Loss for the period									(21,740)

## 5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### Segment revenue and results (continued)

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
Revenue							
Total segment revenue	47,757	177,200	35,821	14,079	2,775	(14,079)	263,553
Inter-segment revenue	—	—	—	(14,079)	—	14,079	—
Revenue from external customers	47,757	177,200	35,821	—	2,775	—	263,553
Segment results	(1,060)	8,869	(3,755)	336	(2,056)	(336)	1,998
Unallocated employee benefit expenses							(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 income tax							(31,775)
Income tax expense							(1,736)
Loss for the period							(33,511)

## 5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### Segment assets and liabilities

At 30 September 2020 (unaudited)

	Italian style HK\$'000	Western style HK\$'000	Asian style HK\$'000	Catering management and design services HK\$'000	Provision of interior design and fitting-out services HK\$'000	Provision of organic vegetable consulting services HK\$'000	Financial institution intermediation services HK\$'000	Elimination HK\$'000	Total HK\$'000
Segment assets	94,970	229,829	61,375	113,682	25,070	19,587	34,538	(380,945)	198,106
Elimination of inter-segment receivables	(79,599)	(155,489)	(41,531)	(104,326)	—	—	—	380,945	—
	15,371	74,340	19,844	9,356	25,070	19,587	34,538	—	198,106
Segment liabilities	(84,886)	(219,989)	(84,462)	(100,505)	(8,251)	(9,611)	(32,858)	380,945	(159,617)
Elimination of inter-segment payables	74,822	152,691	63,120	90,312	—	—	—	(380,945)	—
	(10,064)	(67,298)	(21,342)	(10,193)	(8,251)	(9,611)	(32,858)	—	(159,617)
Amounts due to directors									(57,422)
									(217,039)

At 31 March 2020 (audited)

	Italian style HK\$'000	Western style HK\$'000	Asian style HK\$'000	Catering management and design services HK\$'000	Provision of interior design and fitting-out services HK\$'000	Provision of organic vegetable consulting services HK\$'000	Elimination HK\$'000	Total HK\$'000
Segment assets	139,984	262,587	57,201	103,481	22,501	25,607	(412,714)	198,647
Elimination of inter-segment receivables	(109,064)	(169,936)	(46,177)	(87,537)	—	—	412,714	—
	30,920	92,651	11,024	15,944	22,501	25,607	—	198,647
Segment liabilities	(120,344)	(257,033)	(77,375)	(107,196)	(20,115)	(14,360)	412,714	(183,709)
Elimination of inter-segment payables	92,257	167,852	61,121	91,484	—	—	(412,714)	—
	(28,087)	(89,181)	(16,254)	(15,712)	(20,115)	(14,360)	—	(183,709)
Amount due to a director								(16,583)
								(200,292)

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, other than amounts due to directors 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	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Italian style	4,730	12,208	159	411
Western style	18,359	41,659	224	2,748
Asian style	1,363	10,046	4,900	17
Catering management and design services and others	—	—	—	735
Provision of interior design and fitting-out services	1,165	359	—	218
Provision of organic vegetables consulting services	2,964	—	227	—
Provision of financial institution intermediation services	—	—	—	—
	28,581	64,272	5,510	4,129

The unallocated depreciation and amortisation amounted to approximately HK\$1,374,000 (2019: HK\$2,462,000) for the six months ended 30 September 2020.

### Geographical information

	Non-current assets	
	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Mainland China	19,860	22,738
Hong Kong	75,043	100,958
	94,903	123,696

Non-current assets represented property, plant and equipment, right-of-use assets and intangible assets.

### Information about major customers

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

## 6. FINANCE COSTS, NET

	For the three months ended 30 September		For the six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Interest on loans from former controlling shareholders	—	—	—	94
Bank interest income	(24)	—	(34)	—
Other interest expenses	2	—	35	—
Interest expenses on lease liabilities	383	957	802	2,014
	361	957	803	2,108

## 7. INCOME TAX CREDIT/(EXPENSE)

	For the three months ended 30 September		For the six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Hong Kong Profits Tax	—	(682)	—	(1,736)
Add: Under provision in respect of prior years	(42)	—	(42)	—
Deferred tax	280	—	552	—
	238	(682)	510	(1,736)

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 subsidiaries of the PRC, as there was no estimated assessable profit during the six months ended 30 September 2020 (six months ended 30 September 2019: Nil).

Deferred tax income of HK\$552,000 for the six months ended 30 September 2020 (six months ended 30 September 2019: Nil) arose from the changes in temporary differences in relation to amortisation of intangible assets in Mainland China.

## 8. LOSS FOR THE PERIOD

	For the three months ended 30 September		For the six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Loss for the period has been arrived at after charging:				
Depreciation of property, plant and equipment	2,664	9,858	5,227	20,425
Depreciation of right-of-use assets	10,603	21,542	21,188	45,296
Amortisation of intangible assets	1,190	511	3,540	1,013
Loss on disposals of property, plant and equipment	—	609	604	609

## 9. DIVIDEND

The Board does not declare any dividend for the six months ended 30 September 2020 (30 September 2019: Nil).

## 10. LOSS PER SHARE

### (a) Basic

Basic loss per share is calculated by dividing the loss attributable to the owners of the Company by 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	
	2020 (Unaudited)	2019 (Unaudited)	2020 (Unaudited)	2019 (Unaudited)
Loss for the period attributable to owners of the Company (HK\$'000)	(12,722)	(19,267)	(19,841)	(32,894)
Weighted average number of ordinary shares in issue (thousands)	810,250	810,250	810,250	810,250
Basic loss per share (HK\$)	(0.02)	(0.02)	(0.02)	(0.04)

### (b) Diluted

Diluted loss per share presented is the same as the basic loss per share as there was no potentially dilutive ordinary share outstanding as at 30 September 2020 and 2019.

For six months ended 30 September 2020 and 2019, 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\$6,114,000 and Nil, respectively (six months ended 30 September 2019: HK\$3,928,000 and HK\$201,000, respectively). In addition, the Group has disposed of property, plant and equipment and intangible assets with carrying amount of approximately HK\$766,000 and Nil, respectively (six months ended 30 September 2019: HK\$756,000 and HK\$194,000, respectively).

During the current interim period, the Group entered into new rental agreements for the use of restaurant operation and management office for the period of 1 year to 3.5 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 recognised HK\$18,198,000 (six months ended 30 September 2019: HK\$11,376,000) of right-of-use assets and HK\$18,198,000 (six months ended 30 September 2019: HK\$11,376,000) of lease liabilities.

## 12. TRADE AND OTHER RECEIVABLES

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Trade receivables	2,655	1,838
Other receivables and deposits	18,054	9,272
Contract assets	1,298	1,298
	22,007	12,408

The majority of the Group's trade receivables are 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. Generally, for restaurant operation business, 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. The ageing analysis at the trade receivables based on invoice date were as follows:

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
0 to 20 days	1,941	1,181
21 to 90 days	555	503
Over 90 days	159	154
	2,655	1,838

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.

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. All of the trade receivables that are neither past due nor impaired are mainly from the reputable financial institutions and the expected credit loss amount is considered insignificant.

As at 30 September 2020, included in the Group's trade receivables balances are debtors with aggregate carrying amount of HK\$714,000 (as at 31 March 2020: HK\$657,000) which are past due as at the reporting date. Out of the past due balances, HK\$159,000 (as at 31 March 2020: HK\$154,000) 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 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Other receivables and deposits:		
Prepayments for insurances and consumables	1,789	2,185
Prepayments for rental	843	39
Advance to employees	4,077	2,783
Advance to suppliers	709	—
Loan to a supplier	4,141	—
Interest receivable	218	—
Rental and utilities	6,277	4,265
	18,054	9,272

## 13. RESTRICTED BANK DEPOSITS

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Restricted bank deposits	30,714	3,023

As at 30 September 2020, restricted bank deposits of HK\$1,830,000 (as at 31 March 2020: HK\$3,023,000) 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% to 1.25% (as at 31 March 2020: 1.0% to 1.5%) per annum. The deposits will be released upon termination or expiry of lease agreements which is expected to be beyond one year from the end of respective reporting periods. Accordingly, the amounts are included in the non-current assets.

As at 30 September 2020, restricted bank deposits of RMB25,381,000 (equivalent to approximately HK\$28,884,000) (as at 31 March 2020: Nil) represented cash held at bank as security for a contract with a supplier. The restricted bank deposits carry interest 0.35% (as at 31 March 2020: Nil) per annum. The deposits will be released upon termination or expiry of the contract with the supplier which is expected to be beyond one year from the end of respective reporting periods. Accordingly, the amounts are included in the non-current assets.

## 14. TRADE AND OTHER PAYABLES AND LOAN FROM THIRD PARTIES

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Trade payables	15,569	14,513
-----	-----	-----
Accruals and other payables		
Accrued staff salaries	6,294	11,786
Rental and management fee payables	103	514
Franchise and licensing fees payables	3,997	5,222
Payable for property, plant and equipment	5,400	2,772
Audit fee accrual	1,325	2,300
Payable for repair and maintenance	1,493	2,176
Payable for utility and consumables	2,407	3,299
Payable for cleaning suppliers	1,765	1,773
Other tax payables	212	283
Others	4,758	1,988
	27,754	32,113
-----	-----	-----
	43,323	46,626

### (a) Trade payables to third parties

The ageing analysis of the trade payables based on invoice date were as follows:

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
0 - 60 days	4,831	14,513
Over 60 days	10,738	—
	15,569	14,513

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.

### (b) Loan from third parties

The balance is non-trade in nature, unsecured, interest-free and payable on demand.

## 15. SHARE CAPITAL AND RESERVES

### (a) Share capital and premium

	Number of shares	Nominal value of ordinary shares HK\$'000	
AUTHORISED:			
Ordinary shares of US\$0.01 each			
At 1 April 2019, 30 September 2019, 1 April 2020 and 30 September 2020	10,000,000,000	778,000	
	Number of ordinary shares	Nominal value of ordinary shares HK\$'000	Share Premium HK\$'000
ISSUED AND FULLY PAID:			
Ordinary shares of US\$0.01 each			
At 1 April 2019, 30 September 2019, 1 April 2020 and 30 September 2020	810,250,000	63,037	28,785

### (b) Other reserve

Other reserve mainly represented waiver of loans from its related companies controlled by the former controlling shareholders, waiver of loan from one of the former controlling shareholders and amounts arising on the Group reorganisation underwent prior to the listing of the Company's shares on the Stock Exchange in 2016. Details were set out in the Company's prospectus dated 27 July 2016 (the "Prospectus").

### (c) Share option reserve

Pursuant to a written resolution passed on 14 July 2016 by the shareholders of the Company, the Company adopted the Pre-IPO Share Option Scheme, 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 pursuant to a cash offer of HK\$0.01 for each share option.

## 16. CAPITAL COMMITMENTS

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 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	—	1,211

## 17. RELATED PARTY TRANSACTIONS

### (a) Significant transactions with related parties

Global Hotelware Limited and Total Commitment (HK) Limited are controlled by a former executive director of the Company. Shanghai Aie Vegetables Cultivation Specialty Cooperative is controlled by a director of a subsidiary of the Company, who also is a non-controlling shareholder of a subsidiary of the Company. The following transactions occurred with related parties:

Name of related parties	For the six months ended 30 September	
	2020 HK\$' 000 (Unaudited)	2019 HK\$' 000 (Unaudited)
<u>Purchase of property, plant and equipment</u>		
Global Hotelware Limited	—	1,478
<u>Lease payment/rental expense</u>		
Total Commitment (HK) Limited	—	100
<u>Organic vegetable consulting services income</u>		
Shanghai Aie Vegetables Cultivation Specialty Cooperative	893	—

### (b) Amounts due from/(to) related parties

Details of the amounts due from/(to) related parties are shown as follows:

	30 September 2020 HK\$' 000 (Unaudited)	31 March 2020 HK\$' 000 (Audited)
Advance to a related party (i)	11,421	2,640
Amount due to a director (ii)	(56,796)	(16,583)
Amounts due to directors (iii)	(626)	—
Loan from a related party	—	(547)
Trade payables to related parties	—	(132)
Other payables to a related party	—	(6,567)
Amounts due to related parties	—	(7,246)

Note:

- (i) The advance to a related party is non-trade in nature, secured on shares held by the shareholders of the borrower, trade receivables and assets of the borrower and carries a fixed interest rate of 4.785% per annum.
- (ii) The amount due to a director is non-trade in nature, unsecured, interest-free and payable on demand. On 26 June 2020, the director agreed with the Group to extend the repayment date of the balance to 1 July 2021.
- (iii) The amounts due to directors are non-trade in nature, unsecured, interest-free and payable on demand.

## MANAGEMENT DISCUSSION AND ANALYSIS

During the six months ended 30 September 2020 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; (iii) provision of consulting services in relation to organic vegetables research and development, plantation and sales in the PRC; and (iv) provision of financial institution intermediation services.

### Business Review

#### Food and Beverage Business

During the six months ended 30 September 2020, 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 six months ended 30 September 2020, the operating results of our restaurants have been negatively impacted by the outbreak of the novel coronavirus pneumonia (COVID-19) (the "COVID-19 Pandemic") since the latter half of January 2020. Certain short-term measures have been undertaken by the government in Hong Kong including but not limited to implementation of travel restrictions, several restrictions in relation to catering business and prohibition on group gathering, which has significantly disrupted the local economy, especially local food and beverage business. As a result, the Company recorded a decrease in revenue for the six months ended 30 September 2020. In the long run, the COVID-19 Pandemic may continue to have a negative impact to the global economy which may adversely affect the Group's business.

To cope with the impact of the COVID-19 Pandemic, the Group initiated comprehensive risk study and contingency plan, and communicated with the investors of each project on the progress of the projects in a timely manner. The Group will continue to actively deal with the possible adverse impact of the COVID-19 Pandemic on our business operations. We will also continue to adhere to our professionalism and stick to the bottom line of every investment to protect the funds of our investors and strive to minimise the impact of the COVID-19 Pandemic.

#### Interior Design and Fitting-out Business, Provision of Organic Vegetables Consulting Services and Financial institution intermediation 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 business which provides interior design and fitting-out services carried out in the PRC. During the six months ended 30 September 2020, no revenue was recognised in this segment as the contracts were suspended temporarily due to the impact of the COVID-19 Pandemic. As at 30 September 2020, signed service contracts with a remaining contract sum after deducting revenue recognised amounted to approximately RMB11.1 million (equivalent to approximately HK\$12.6 million).

The Group launched a business which provides organic vegetables consulting services carried out in the PRC. Currently, the size of such business of the Group is relatively small with a narrow base of customers.

The Group also launched a business which provides financial institution intermediation services. During the six months ended 30 September 2020, no revenue was recognised in this segment as the business is in the start-up stage. The management is looking for generating revenue from the business in the third quarter of 2020.

Operating loss of approximately RMB6.2 million (equivalent to approximately HK\$6.9 million) was incurred in the start-up stage of these businesses during the six months ended 30 September 2020.

## Financial Review

### Revenue

During the six months ended 30 September 2020, the Group's revenue was generated from (i) the operation of restaurants in Hong Kong; and (ii) provision of organic vegetables consulting services. No revenue was generated from the provision of interior design and fitting out services in the PRC for the six months ended 30 September 2020 as the contracts were suspended temporarily due to the impact of the COVID-19 Pandemic. As at 30 September 2020, we had 13 (30 September 2019: 26) operating restaurants, of which 1 restaurant (30 September 2019: Nil) was newly established or acquired and 4 restaurants (30 September 2019: 1) had been closed or were disposed of during the six months ended 30 September 2020.

The Group's restaurants served mainly three categories of cuisines during the six months ended 30 September 2020. 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, (iii) provision of organic vegetables consulting services, and (iv) provision of financial institution intermediation services, and as a percentage of total revenue during the six months ended 30 September 2020:

	For the three months ended 30 September				For the six months ended 30 September			
	2020		2019		2020		2019	
	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	22,383	76.6	82,069	69.2	52,398	74.7	177,200	67.2
Italian style	4,646	15.9	17,345	14.6	11,910	17.0	47,757	18.1
Asian style	1,781	6.1	16,500	13.9	4,909	7.0	35,821	13.6
Operation of restaurants	28,810	98.6	115,914	97.7	69,217	98.7	260,778	98.9
Provision of interior design and fitting-out services	—	—	2,775	2.3	—	—	2,775	1.1
Provision of organic vegetables consulting services	420	1.4	—	—	893	1.3	—	—
Provision of financial institution intermediation services	—	—	—	—	—	—	—	—
<b>Total</b>	<b>29,230</b>	<b>100.0</b>	<b>118,689</b>	<b>100.0</b>	<b>70,110</b>	<b>100.0</b>	<b>263,553</b>	<b>100.0</b>

#### Western style restaurants

The revenue generated from the operation of Western style restaurants of the Group decreased by approximately HK\$124.8 million, or approximately 70.4%, from approximately HK\$177.2 million for the six months ended 30 September 2019 to approximately HK\$52.4 million for the six months ended 30 September 2020. Such decrease was mainly due to (a) the COVID-19 Pandemic during the period and a result of the implementation of the Prevention and Control of Disease (Requirements and Directions) (Business and Premises) Regulation (Chapter 599F of the laws of Hong Kong); and (ii) the disposal and the closure of certain loss-making restaurants since the anti-extradition bill protests erupted in Hong Kong in June 2019. The disposed or closed Western restaurants of the Group collectively contributed approximately HK\$74.5 million to the segment revenue during the six months ended 30 September 2019.

#### Italian style restaurants

The revenue generated from the operation of Italian style restaurants of the Group decreased by approximately HK\$35.8 million, or approximately 75.1%, from approximately HK\$47.8 million for the six months ended 30 September 2019 to approximately HK\$11.9 million for the six months ended 30 September 2020. The decrease was resulted from the reasons as mentioned above. The disposed or closed Italian restaurants of the Group collectively contributed approximately HK\$25.3 million to the segment revenue during the six months ended 30 September 2019.

### Asian style restaurants

The revenue generated from the operation of Asian style restaurants of the Group decreased by approximately HK\$30.9 million, or approximately 86.3%, from approximately HK\$35.8 million for the six months ended 30 September 2019 to approximately HK\$4.9 million for the six months ended 30 September 2020. The decrease was resulted from the reasons as mentioned above. The disposed or closed Asian restaurants of the Group collectively contributed approximately HK\$27.5 million to the segment revenue during the six months ended 30 September 2019.

### Interior design and fitting-out services

During the six months ended 30 September 2020, no revenue was recognised in this segment as the contracts were suspended temporarily due to the impact of the COVID-19 Pandemic (six months ended 30 September 2019: HK\$2.8 million).

### Provision of organic vegetables consulting services

The revenue generated from provision of consulting services by the Group in relation to organic vegetables research and development, plantation and sales was approximately HK\$0.9 million for the six months ended 30 September 2020 (six months ended 30 September 2019: Nil). The increase was resulted from the business being developed during the period.

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

The cost of sales mainly represents the costs of provision of organic vegetables consulting 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\$64.2 million and HK\$17.7 million for the six months ended 30 September 2019 and 2020, respectively, representing approximately 24.4% and 25.2% of the Group's total revenue generated from operation of restaurants for the corresponding period.

## **Employee benefits expenses**

Employee benefits expenses represents 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 employee benefits expenses regarding the food and beverage business decreased by approximately HK\$58.6 million from approximately HK\$92.8 million for the six months ended 30 September 2019 to approximately HK\$34.2 million for the six months ended 30 September 2020. The decrease was mainly due to the decrease in number of staff in the Group's Hong Kong office and restaurants as a result of closure or disposal of the restaurants, as well as the reduction of headcounts in existing restaurants as a measure of cost control.

The employee benefits expenses regarding the interior design and fitting-out, organic vegetables consulting and financial institution intermediation business decreased by approximately HK\$0.7 million from approximately HK\$2.5 million for the six months ended 30 September 2019 to approximately HK\$1.8 million for the six months ended 30 September 2020. The decrease was mainly due to the decrease in number of staff as a result of decline of business comparing to the corresponding period in 2019 due to impact of the COVID-19 Pandemic.

## Rental and related expenses

Our depreciation expense in respect of right-of-use assets plus rental and related expenses regarding the food and beverage business amounted to approximately HK\$19.9 million for the six months ended 30 September 2020. Comparing to the right-of-use assets plus rental and related expenses of approximately HK\$51.6 million for the six months ended 30 September 2019, the decrease was mainly due to (i) reduction of tenancy agreements entered into upon closure and disposal of restaurants during the current and the last financial year; and (ii) rent concessions from the landlords on the leases of certain restaurants of the Group as a result of the COVID-19 Pandemic.

Our depreciation expense in respect of right-of-use assets plus rental and related expenses regarding the interior design and fitting-out and organic vegetables consulting business amounting to HK\$2.1 million for the six months ended 30 September 2020. Comparing to the right-of-use assets plus rental and related expenses of approximately HK\$1.4 million for the six months ended 30 September 2019, the increase was mainly due to the development of interior design and fitting-out and organic vegetables consulting business services of the Group.

## 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 2019 and 2020, the Group recognised other expenses of approximately HK\$42.8 million and HK\$4.0 million, respectively, representing approximately 16.3% and 5.7% of the Group's total revenue for the corresponding periods. The decrease in other expenses incurred in the reporting period was mainly due to (i) the disposal and the closure of certain loss-making restaurants since the anti-extradition bill protests erupted in Hong Kong in June 2019; (ii) the decrease in variable operating costs of the Group's restaurants upon the implementation of the Prevention and Control of Disease (Requirements and Directions) (Business and Premises) Regulation (Chapter 599F of the laws of Hong Kong); (iii) the receipt of government subsidies under the Employment Support Scheme and other governmental supporting schemes amounting to approximately HK\$9.8 million; and (iv) the cost control policy adopted by the Group to maintain the Group's competitiveness.

## Finance costs

Finance costs mainly represent finance costs recognised in relation to the lease liabilities regarding the rental contracts upon adoption of HKFRS 16 "Leases". The decrease in finance costs for the six months ended 30 September 2020 was mainly due to reduction of tenancy agreements entered into upon closure and disposal of the Group's restaurants during the current and the last financial year.

## Loss attributable to owners of the Company

Loss attributable to owners of the Company for the six months ended 30 September 2020 was approximately HK\$19.8 million, while the loss attributable to owners of the Company for the six months ended 30 September 2019 was approximately HK\$32.9 million.

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

- (i) The revenue of our restaurants have been negatively impacted by (a) the outbreak of the COVID-19 Pandemic since January 2020; and (b) the unexpected political activities in Hong Kong arising from the anti-extradition bill protests since June 2019;
- (ii) The revenue of our interior design and fitting-out business has been negatively impacted by the outbreak of the COVID-19 Pandemic since January 2020;
- (ii) The disposal and closure of certain loss-making restaurants of the Group during the last and the current financial year led to the decrease in the operating costs of our food and beverage business, comprising mainly cost of inventories consumed, staff costs, rental expenses and other operating expenses, which outweighed the decrease in revenue as mentioned above; and
- (iii) A one-off government subsidy under the Employment Support Scheme amounting to approximately HK\$9.8 million was received.

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 2020, total assets of the Group amounted to approximately HK\$198.1 million (31 March 2020: HK\$198.6 million) and the cash and cash equivalents of the Group amounted to approximately HK\$12.1 million (31 March 2020: HK\$26.9 million). The cash and cash equivalents were denominated in HK\$ and Renminbi (“**RMB**”). The Group’s working capital was approximately negative HK\$85.7 million (31 March 2020: negative HK\$88.6 million), represented by total current assets of approximately HK\$42.2 million (31 March 2020: HK\$46.6 million) against total current liabilities, net of amounts due to directors, of approximately HK\$127.9 million (31 March 2020: HK\$135.2 million). The current ratio, being the proportion of total current assets against total current liabilities, was 0.23 (31 March 2020: 0.31). The gearing ratio (being net debt divided by the aggregate of net debt and total capital) of the Group as at 30 September 2020 was approximately 114.0% (31 March 2020: 101.5%). Net debt was approximately HK\$154.2 million (31 March 2020: HK\$109.8 million) which is calculated as the sum of total lease liabilities, amounts due to directors, amounts due to related parties and loan from third parties, less cash and cash equivalents. Total capital and net debt was approximately HK\$135.3 million (31 March 2020: HK\$108.2 million).

## 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 2020, the Group continued to maintain its focus on serving a variety of cuisines at varying prices under different brands to a diversified customer base in Hong Kong. As at 30 September 2020, the Group was operating 13 restaurants, with 9 full-service restaurants and 4 bakery restaurants.

The Group also provides interior design and fitting-out services, organic vegetables consulting services and financial institution intermediation services in the PRC.

Our interior design and fitting-out services featured with fashionable and customised 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 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 from the other existing players on the market. A number of business service contracts had been signed as at 30 September 2020, and revenue is expected to be generated in 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.

Consulting services in relation to organic vegetables research and development, plantation and sales rely 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.

At the same time, in the macro environment of a consistent supporting policy for micro, small and medium-sized enterprises in PRC, the Group is preparing to set up a one-stop and professional financial service platform with excellent performance for financial market practitioners. The Group will continue to invest and develop new business.

## 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 2020, save for restricted bank deposits of approximately HK\$30,714,000 (31 March 2020: HK\$3,023,000) for the Group's obligations under certain operating leases, the Group did not pledge any other assets (31 March 2020: Nil).

## Contingent Liabilities

As at 30 September 2020, the Group did not have any significant contingent liabilities (31 March 2020: Nil).

## Capital Commitments

As at 30 September 2020, the Group did not have capital commitments for the six months ended 30 September 2020 (31 March 2020: HK\$1,211,000).

## Interim Dividend

The Board has resolved not to declare an interim dividend for the six months ended 30 September 2020 (2019: Nil).

## Employees and Remuneration Policies

As at 30 September 2020, the total number of employees of the Group was 322 (31 March 2020: 484). Total staff costs (including Directors' emoluments) were approximately HK\$36,005,000 for the six months ended 30 September 2020 (2019: HK\$95,274,000).

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 2020, the Group did not hold any significant investments or capital assets.

## Future Plans for Material Investments or Capital Assets

The Group has no plan authorised by the Board for other material investments or additions of capital assets as at the date of this report.

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

On 28 April 2020, the Group entered into a sale and purchase agreement, pursuant to which Ace Strength Limited, a company incorporated in Hong Kong with limited liability and being a third party independent of the Company and its connected persons, agreed to acquire 100% equity interests in Most Glory Holdings Limited, Success Glory Limited and New Era Worldwide Limited (collectively the "**Target Companies**") from the Group, at an aggregate consideration of HK\$2,000,000. Each of the Target Companies is a company incorporated in Hong Kong with limited liability and is principally engaged in the operation of Italian and Western restaurants in Hong Kong. The loss on disposal is approximately HK\$0.3 million. Details of the disposal are set out in the announcements of the Company dated 23 April 2020 and 29 April 2020.

Save as disclosed above, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the six months ended 30 September 2020.

## 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 2020, 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")) 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 directors of listed issuer as referred to in Rule 5.46 of the GEM Listing Rules, were as follows:

#### Long positions

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

Name of Directors	Capacity/Nature of Interests	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%
Ms. Li Qing Ni ("Ms. Li") <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 Holdings Limited ("Strong Day"). Strong Day is 29.9% owned by Ms. Li, an executive Director and the spouse of Mr. James Lu. By virtue of the SFO, Ms. Li is deemed to be interested in the shares of the Company held by Strong Day and Mr. James Lu, spouse of Ms. Li, is deemed to be interested in the shares deemed to be held by Ms. Li. 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
Ms. Li	Strong Day	Beneficial owner/ Personal interest	299	29.90%

Save as disclosed above, as at 30 September 2020, 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) 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 directors of listed issuer as referred to in Rule 5.46 of the GEM Listing Rules.

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

As at 30 September 2020, 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 as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

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

Name of Shareholders	Capacity/Nature of interests	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 Investments 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 2020, 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 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 of the Company dated 27 July 2016. 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 2020 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 2020.

### (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 2020 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 2020.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the six months ended 30 September 2020.

## DIRECTORS' INTERESTS IN CONTRACTS

During the six months ended 30 September 2020, 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' AND CONTROLLING SHAREHOLDERS' COMPETING INTERESTS

During the six months ended 30 September 2020, none of the Directors or the controlling shareholders (as defined in the GEM Listing Rules) 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 2020.

## 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 2020, 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.

## CHANGES IN INFORMATION OF DIRECTORS

In accordance with Rule 17.50A(1) of the GEM Listing Rules, changes of the information of the Directors, subsequent to the date of the annual report of the Company for the year ended 31 March 2020, required to be disclosed, are set out below:

<b>Directors</b>	<b>Details of Changes</b>
Ms. Li Qing Ni :	Appointed as an executive Director with effect from 24 July 2020.
Mr. Li Lun :	Resigned as a non-executive Director with effect from 24 July 2020.

## AUDIT COMMITTEE

Pursuant to Rule 5.28 of the GEM Listing Rules, the Board has established the 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. Lu Cheng and Mr. Kim Jin Tae, all of whom are independent non-executive Directors.

The unaudited consolidated results of the Group for the six months ended 30 September 2020 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 comply with the applicable accounting standards, the GEM Listing Rules and other legal requirements and that adequate disclosures have been made.

## EVENT AFTER REPORTING PERIOD

In early 2020, after the rapid outbreak of the COVID-19 Pandemic, a series of precautionary and control measures have been and continued to be implemented in Hong Kong, including suspension of school, work from home practice, social distancing, restrictions and controls over the inbound and outbound travelling and heightening of hygiene and epidemic prevention requirements.

In March 2020, the Hong Kong Government announced a Prohibition on Group Gathering Regulation and imposed ban on social gathering of parties more than four people, including dining in restaurants and bars. Such precautionary and control measures and poor consumer sentiment caused by the epidemic are causing short-term disruption to the Group's restaurant operations in Hong Kong.

Subsequent to 30 September 2020 and up to the date of this report, the Group noted a continuous downturn on its operating performance as compared to the same period in the six months ended 30 September 2019. Management noted that the COVID-19 Pandemic caused material disruption to the Group's operation and restaurants development, which adversely affects the Group's business, financial condition and operating performance. The Group has been actively adopting cost control measures including re-prioritising work plans to improve liquidity position, closely monitor the market situation and timely adjusting the business strategies in view of the development of the COVID-19 Pandemic. Up to the date on which this report was authorised for issue, the Group had been continuously monitoring the impacts of the COVID-19 Pandemic on the Group's performance in 2020 and was unable to estimate the quantitative impacts to the Group.

By order of the Board

**Life Concepts Holdings Limited**

**James Fu Bin Lu**

*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 10 November 2020

*As at the date of this report, the executive Directors are Mr. James Fu Bin Lu (Chairman and Chief Executive Officer), Ms. Li Qing Ni and Mr. Long Hai; and the independent non-executive Directors are Mr. Lu Cheng, Mr. Shi Kangping and Mr. Kim Jin Tae.*