



LIFE CONCEPTS

Life Concepts Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8056

THIRD QUARTERLY 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.

The board of Directors (the “**Board**”) presents the unaudited condensed consolidated results of the Group for the nine months ended 31 December 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 nine months ended 31 December 2020 was approximately HK\$110.3 million, representing a decrease of approximately 71.1% when compared with that of the corresponding period in 2019.
- Total comprehensive loss attributable to owners of the Company for the nine months ended 31 December 2020 was approximately HK\$35.0 million, represents a decrease in total comprehensive loss of approximately 29.7% when compared with that of the corresponding period in 2019.
- The Group entered into a sale and purchase agreement in relation to the disposal of 100% equity interests in each of Most Glory Holdings Limited, Success Glory Limited and New Era Worldwide Limited in April 2020 and upon completion of the disposal in May 2020, the financial results of these companies were no longer consolidated into the 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 nine months ended 31 December 2020.
- The Board did not declare any dividend for the nine months ended 31 December 2020 (nine months ended 31 December 2019: Nil).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine months ended 31 December 2020

	Notes	For the three months ended 31 December		For the nine months ended 31 December	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	3	40,246	117,813	110,356	381,366
Cost of inventories consumed		(19,214)	(28,076)	(36,881)	(92,313)
Employee benefit expenses		(19,688)	(43,011)	(55,693)	(138,285)
Depreciation and amortization		(15,311)	(30,798)	(45,266)	(97,532)
Rental and related expenses		349	(2,723)	(547)	(10,438)
Utilities and consumables		(1,598)	(4,353)	(4,490)	(14,646)
Franchise and licensing fees		(654)	(1,854)	(1,664)	(7,188)
Other expenses		(4,248)	(21,794)	(8,229)	(64,623)
Other gains/(losses), net		261	(1,190)	1,110	(1,994)
Finance costs		(401)	(922)	(1,204)	(3,030)
Loss before income tax		(20,258)	(16,908)	(42,508)	(48,683)
Income tax credit/(expense)	4	290	(543)	800	(2,279)
Loss for the period		(19,968)	(17,451)	(41,708)	(50,962)
Other comprehensive loss					
Item that may be reclassified to profit or loss:					
Exchange differences on translation of foreign operations		(725)	(22)	(666)	(50)
Total comprehensive loss for the period		(20,693)	(17,473)	(42,374)	(51,012)
Loss for the period attributable to:					
– Owners of the Company		(13,685)	(16,813)	(33,526)	(49,707)
– Non-controlling interests		(6,283)	(638)	(8,182)	(1,255)
		(19,968)	(17,451)	(41,708)	(50,962)
Total comprehensive loss attributable to:					
– Owners of the Company		(14,685)	(16,835)	(34,962)	(49,757)
– Non-controlling interests		(6,008)	(638)	(7,412)	(1,255)
		(20,693)	(17,473)	(42,374)	(51,012)
Loss per share attributable to owners of the Company					
– Basic and diluted (HK\$)	6	(0.02)	(0.02)	(0.04)	(0.06)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the nine months ended 31 December 2020

	Attributable to owners of the Company							Attributable to non-controlling interests	Total
	Share capital	Share premium	Other reserve	Translation reserve	Retained profits (accumulated losses)	Subtotal			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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	—	—	—	—	(49,707)	(49,707)	(1,255)	(50,962)	
Exchange differences arising on translation of foreign operations	—	—	—	(50)	—	(50)	—	(50)	
Total comprehensive loss for the period	—	—	—	(50)	(49,707)	(49,757)	(1,255)	(51,012)	
Acquisition of a subsidiary	—	—	—	—	—	—	3,563	3,563	
Capital injection from non-controlling shareholders	—	—	—	—	—	—	9,688	9,688	
At 31 December 2019 (unaudited)	63,037	28,785	27,313	(52)	(50,886)	68,197	11,996	80,193	
At 1 April 2020 (audited)	63,037	28,785	27,313	89	(132,037)	(12,813)	11,168	(1,645)	
Loss for the period	—	—	—	—	(33,526)	(33,526)	(8,182)	(41,708)	
Exchange differences arising on translation of foreign operations	—	—	—	(1,436)	—	(1,436)	770	(666)	
Total comprehensive loss for the period	—	—	—	(1,436)	(33,526)	(34,962)	(7,412)	(42,374)	
Capital injection from non-controlling shareholders	—	—	—	—	—	—	4,393	4,393	
At 31 December 2020 (unaudited)	63,037	28,785	27,313	(1,347)	(165,563)	(47,775)	8,149	(39,626)	

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 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 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 Windward 3, Regatta Office Park, PO Box 1350 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 ACCOUNTING POLICIES

These unaudited condensed consolidated financial statements for the nine months ended 31 December 2020 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 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 (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.

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 2020 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 2020.

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 2020 have been prepared on the historical cost basis. These unaudited condensed consolidated financial statements for the nine months ended 31 December 2020 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. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

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\$180,000,000 as at 31 December 2020 and incurred a net loss of approximately HK\$41,708,000 for the period 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 fails to continue as a going concern.

3. REVENUE

(i) Disaggregation of revenue from contracts with customers

	For the three months ended 31 December		For the nine months ended 31 December	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue from contracts with customers				
Italian style	6,000	18,725	17,910	66,482
Western style	29,340	83,145	81,738	260,345
Asian style	3,946	14,827	8,855	50,648
Operation of restaurants	39,286	116,697	108,503	377,475
Provision of interior design and fitting-out services	382	822	382	3,597
Provision of organic vegetables consulting services	110	294	1,003	294
Provision of financial institution intermediation services	468	—	468	—
	40,246	117,813	110,356	381,366
Geographical location				
Mainland China	960	1,116	1,853	3,891
Hong Kong	39,286	116,697	108,503	377,475
	40,246	117,813	110,356	381,366
Timing of revenue recognition				
A point in time	39,286	116,697	108,503	377,475
Over time	960	1,116	1,853	3,891
	40,246	117,813	110,356	381,366

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.

3. REVENUE (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 recognized 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.

Provision of financial institution intermediation services (revenue recognized over time)

The Group provides financial institution intermediation services. The Group recommends potential eligible borrowers, of whom entered into loan agreement with financial institution. The financial institution charges interests and fees as stipulated in the loan agreement. The difference between such interests and fees and the expected income from the fund spent on loan by the financial institution would be the Group's services fee income after deduction of relevant taxes. Such income will be settled and confirmed as stipulated in the loan agreement with the financial institution on monthly basis.

4. INCOME TAX CREDIT/(EXPENSE)

	For the three months ended 31 December		For the nine months ended 31 December	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Hong Kong Profits Tax	—	(538)	—	(2,274)
Under provision in respect of prior years	(1)	(5)	(43)	(5)
Deferred tax	291	—	843	—
	290	(543)	800	(2,279)

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 nine months ended 31 December 2020 (nine months ended 31 December 2019: Nil).

Deferred tax income of HK\$843,000 for the nine months ended 31 December 2020 (nine months ended 31 December 2019: Nil) arose from the changes in temporary differences in relation to amortization of intangible assets in Mainland China.

5. DIVIDEND

The Board does not declare any dividend for the nine months ended 31 December 2020 (nine months ended 31 December 2019: Nil).

6. LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing 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	
	2020 (Unaudited)	2019 (Unaudited)	2020 (Unaudited)	2019 (Unaudited)
Loss for the period attributable to owners of the Company (HK\$'000)	(13,685)	(16,813)	(33,526)	(49,707)
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)	(0.04)	(0.06)

(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 31 December 2020 and 2019.

For nine months ended 31 December 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.

MANAGEMENT DISCUSSION AND ANALYSIS

During the nine months ended 31 December 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 nine months ended 31 December 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 nine months ended 31 December 2020, the operating results of our restaurants have been negatively impacted by the outbreak of the novel coronavirus (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 nine months ended 31 December 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 and 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 nine months ended 31 December 2020, the business suffered operating loss as some contracts were suspended temporarily due to the impact of the COVID-19 Pandemic. As at 31 December 2020, signed service contracts with a remaining contract sum after deducting revenue recognised amounted to approximately RMB11.1 million (equivalent to approximately HK\$13.1 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 nine months ended 31 December 2020, as the initial operating cost of the business was high and relevant income was settled and confirmed as stipulated in the loan agreement with the financial institution on monthly basis, hence the business suffered operating loss.

Operating loss of approximately RMB19.1 million (equivalent to approximately HK\$21.6 million) was incurred in the start-up stage of these businesses during the nine months ended 31 December 2020.

Financial Review

Revenue

During the nine months ended 31 December 2020, 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; (iii) provision of organic vegetables consulting services; and (iv) provision of financial institution intermediation services. As at 31 December 2020, we had 13 (31 December 2019: 25) operating restaurants, of which 1 restaurant (31 December 2019: Nil) was newly established or acquired and 4 restaurants (31 December 2019: 2) had been closed or were disposed of during the nine months ended 31 December 2020.

The Group's restaurants served mainly three categories of cuisines during the nine months ended 31 December 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 nine months ended 31 December 2020:

	For the three months ended 31 December				For the nine months ended 31 December			
	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	29,340	70.9	83,145	70.6	81,738	74.1	260,345	68.3
Italian style	6,000	14.5	18,725	15.9	17,910	16.2	66,482	17.4
Asian style	3,946	9.5	14,827	12.6	8,855	8.0	50,648	13.3
Operation of restaurants	39,286	94.9	116,697	99.1	108,503	98.3	377,475	99.0
Provision of interior design and fitting-out services	382	0.9	822	0.7	382	0.3	3,597	0.9
Provision of organic vegetables consulting services	110	0.3	294	0.2	1,003	0.9	294	0.1
Provision of financial institution intermediation services	468	3.9	—	—	468	0.5	—	—
Total	40,246	100.0	117,813	100.0	110,356	100.0	381,366	100.0

Western style restaurants

The revenue generated from the operation of Western style restaurants of the Group decreased by approximately HK\$178.6 million, or approximately 68.6%, from approximately HK\$260.3 million for the nine months ended 31 December 2019 to approximately HK\$81.7 million for the nine months ended 31 December 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\$111.8 million to the segment revenue during the nine months ended 31 December 2019.

Italian style restaurants

The revenue generated from the operation of Italian style restaurants of the Group decreased by approximately HK\$48.6 million, or approximately 73.1%, from approximately HK\$66.5 million for the nine months ended 31 December 2019 to approximately HK\$17.9 million for the nine months ended 31 December 2020. The decrease was resulted from the reasons as mentioned above. The disposed or closed Italian restaurants of the Group collectively contributed approximately HK\$34.1 million to the segment revenue during the nine months ended 31 December 2019.

Asian style restaurants

The revenue generated from the operation of Asian style restaurants of the Group decreased by approximately HK\$41.8 million, or approximately 82.5%, from approximately HK\$50.6 million for the nine months ended 31 December 2019 to approximately HK\$8.9 million for the nine months ended 31 December 2020. The decrease was resulted from the reasons as mentioned above. The disposed or closed Asian restaurants of the Group collectively contributed approximately HK\$34.8 million to the segment revenue during the nine months ended 31 December 2019.

Interior design and fitting-out services

The revenue generated from provision of interior design and fitting-out services was approximately HK\$0.4 million for the nine months ended 31 December 2020 (for the nine months ended 31 December 2019: approximately HK\$3.6 million). The decrease was due to some contracts were suspended temporarily because of the impact of the COVID-19 Pandemic.

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\$1 million for the nine months ended 31 December 2020 (for the nine months ended 31 December 2019: approximately HK\$0.3 million). The increase was due to only two months' revenue arising from the provision of organic vegetables consulting services for the nine months ended 31 December 2019, since the Group had completed 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) in November 2019.

Provision of financial institution intermediation services

The revenue generated from provision of financial institution intermediation services by the Group in relation to match potential qualified borrowers to financial institutions and facilitating the execution of loan agreements between the parties was approximately HK\$0.5 million for the nine months ended 31 December 2020 (for the nine months ended 31 December 2019: Nil).

Cost of sales and inventories consumed

The cost of sales mainly represents the costs of provision of financial institution intermediation services and costs of provision of organic vegetables consulting services. The major component includes user acquisition expenses, third-party guaranteed fee and patent amortization cost.

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\$92.3 million and HK\$36.9 million for each of nine months ended 31 December 2019 and 2020, respectively, representing approximately 24.2% and 33.4% of the Group's total revenue for the corresponding period.

* For identification purposes only

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\$82.2 million from approximately HK\$134.6 million for the nine months ended 31 December 2019 to approximately HK\$52.4 million for the nine months ended 31 December 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\$0.4 million from approximately HK\$3.7 million for the nine months ended 31 December 2019 to approximately HK\$3.3 million for the nine months ended 31 December 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\$31.0 million for the nine months ended 31 December 2020. Comparing to the right-of-use assets plus rental and related expenses of approximately HK\$75.1 million for the nine months ended 31 December 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, organic vegetables consulting and provision of financial institution intermediation business amounting to HK\$8.1 million for the nine months ended 31 December 2020. Comparing to the right-of-use assets plus rental and related expenses of approximately HK\$2.4 million for the nine months ended 31 December 2019, the increase was mainly due to the development of interior design and fitting-out, organic vegetables consulting business and financial institution intermediation 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, repair and maintenance and commission. During the nine months ended 31 December 2019 and 2020, the Group recognised other expenses of approximately HK\$64.6 million and HK\$8.2 million, respectively, representing approximately 16.9% and 7.4% 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\$18.1 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 nine months ended 31 December 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 nine months ended 31 December 2020 was approximately HK\$33.5 million, while the loss attributable to owners of the Company for the nine months ended 31 December 2019 was approximately HK\$49.7 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;
- (iii) Loss attributable to owners amounting to approximately HK\$10 million suffered by our financial institution intermediation services due to high initial operating cost of the business and relevant income settled and confirmed as stipulated in the loan agreement with the financial institution on monthly basis;
- (iv) The disposal and closure of certain loss-making restaurants of the Group during the last and the current financial period led to the decrease in the operating costs of our food and beverage business, comprising mainly cost of inventories consumed, employee benefit expenses, rental expenses and other operating expenses, which outweighed the decrease in revenue as mentioned above; and
- (v) A one-off government subsidy under the Employment Support Scheme amounting to approximately HK\$18.1 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.

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 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 31 December 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. 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.

In the macro environment of a consistent supporting policy for micro, small and medium-sized enterprises in PRC, the Group is setting up a one-stop and professional financial service platform with excellent performance for financial market practitioners. Currently, the Group cooperates with financial market practitioners and financial institutions. The Group connects potential eligible borrowers from financial market practitioners and recommends them to financial institutions to facilitate the provision of loan by the financial institutions to the borrowers. The Group expects that the scope of the business will continue to expand and bring in considerable revenue.

Meanwhile, based on good control on COVID-19 pandemic and business expansion needs, on 3 December 2020, the Group has established Lupengpeng (Beijing) Catering Management Company Limited (吕朋朋(北京)餐饮管理有限公司), a holding company with shareholding of the Group as to 80% and registered capital of RMB 1.85 million. The company commenced business since January 2021 and the principal business is operation of hot pot restaurant. The Group will continue to invest and develop new business.

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 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") ^{Note}	Interest of spouse/Family interest	607,600,000 (L)	74.99%
Ms. Li Qing Ni ("Ms. Li") ^{Note}	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 31 December 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 31 December 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 of the shares of the Company:

Name of shareholders	Capacity/Nature of interests	No. of shares	Approximate percentage of shareholding
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 Investments Limited ("True Promise") ^{Note}	Interest in a controlled corporation/Corporate interest	607,600,000 (L)	74.99%
Mr. Law Fei Shing ("Mr. Law") ^{Note}	Interest in controlled corporations/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 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

The 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 2020 and no share options were granted, exercised or cancelled or lapsed under the Share Option Scheme during the nine months ended 31 December 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 nine months ended 31 December 2020.

DIRECTORS' INTERESTS IN CONTRACTS

During the nine months ended 31 December 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 nine months ended 31 December 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 nine months ended 31 December 2020.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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 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.

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 nine months ended 31 December 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 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 2020 (nine months ended 31 December 2019: Nil).

MATERIAL ACQUISITION AND DISPOSAL

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 nine months ended 31 December 2020.

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE PROVISION OF FINANCIAL ASSISTANCE

On 1 July 2020, Shanghai Aie Agriculture Technology Company Limited* (上海愛娥農業科技有限責任公司) (the **"Lender"**) and Shanghai Aie Vegetables Cultivation Specialty Cooperative* (上海愛娥蔬菜種植專業合作社) (the **"Borrower"**) entered into a loan agreement, pursuant to which the Lender agreed to grant the Loan in the principal amount of RMB13,000,000 to the Borrower for a period of 24 months commencing from the date of the loan agreement (the **"Loan Agreement"**). The loan is interest-bearing at the rate of 4.785% per annum and is payable by the Borrower to the Lender on an annual basis.

In connection with the Loan Agreement, on 1 July 2020, the Borrower entered into an accounts receivable pledge agreement and a floating charge agreement in favour of the Lender, and the shareholders of the Borrower also entered into an equity pledge agreement in favour of the Lender, to secure the obligations of the Borrower under the Loan Agreement.

The Lender is an indirect non-wholly-owned subsidiary of the Company which is owned as to 70% by Ningbo Meishan Bonded Port Area Jiema Investment Company Limited* (寧波梅山保稅港區傑馬投資有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company, 25% by Mr. Hou Xiaoba and 5% by Mr. Song Qi. Mr. Hou Xiaoba in turn holds 87% of the equity interest of the Borrower and is the father of Mr. Hou Yazhou. As Mr. Hou Xiaoba is a substantial shareholder and a director of the Lender, each of Mr. Hou Xiaoba, the Borrower and Mr. Hou Yazhou is a connected person at the subsidiary level of the Company. Details of the transaction are set out in the announcement of the Company dated 10 November 2020.

* For identification purposes only

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 31 December 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 nine months ended 31 December 2020. 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, 5 February 2021

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.