



LIFE CONCEPTS

Life Concepts Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8056

FIRST QUARTERLY REPORT 2021



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*This report, for which the directors (the “**Directors**”) of Life Concepts Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company and the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

The board of Directors (the “**Board**”) presents the unaudited condensed consolidated results of the Group for the three months ended 30 June 2021, together with the unaudited comparative figures for the corresponding period in 2020 as set out below.

FINANCIAL HIGHLIGHTS

- The Group’s revenue for the three months ended 30 June 2021 was approximately HK\$60.6 million, representing an increase of approximately 48.1% when compared with that of the corresponding period in 2020.
- Loss attributable to owners of the Company for the three months ended 30 June 2021 was approximately HK\$0.4 million (three months ended 30 June 2020: loss of HK\$7.1 million), representing a decrease in loss of approximately 94.2% when compared with that of the corresponding period in 2020.
- The Board did not declare any dividend for the three months ended 30 June 2021 (three months ended 30 June 2020: Nil).

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 June 2021

| | Notes | For the three months ended 30 June | |
|---|-------|---------------------------------------|---------------------------------|
| | | 2021 HK\$'000 (Unaudited) | 2020 HK\$'000 (Unaudited) |
| Revenue | 3 | 60,563 | 40,880 |
| Cost of sales and inventories consumed | | (11,882) | (9,603) |
| Loan referral and guarantee expenses | | (8,793) | — |
| Employee benefit expenses | | (19,641) | (18,447) |
| Depreciation of property, plant and equipment | | (7,952) | (15,498) |
| Rental and related expenses | | (2,066) | (560) |
| Utilities and consumables | | (1,725) | (1,581) |
| Franchise and licensing fees | | (820) | (555) |
| Government grants | | 562 | 4,747 |
| Net impairment losses on financial instruments and contracts assets | | (6,099) | — |
| Other expenses | | (7,392) | (7,091) |
| Other gains/(losses), net | | 1,612 | (136) |
| Finance income/(costs), net | | 3,483 | (442) |
| Loss before income tax | | (150) | (8,286) |
| Income tax (expense)/credit | 4 | (335) | 272 |
| Loss for the period | | (485) | (8,014) |
| Other comprehensive loss | | | |
| Item that may be reclassified to profit or loss: | | | |
| Exchange differences on translation of foreign operations | | (2) | (18) |
| Total comprehensive loss for the period | | (487) | (8,032) |
| Loss attributable to: | | | |
| Owners of the Company | | (415) | (7,119) |
| Non-controlling interests | | (70) | (895) |
| Loss for the period | | (485) | (8,014) |
| Total comprehensive loss attributable to: | | | |
| Owners of the Company | | (417) | (7,125) |
| Non-controlling interests | | (70) | (907) |
| | | (487) | (8,032) |
| Loss per share attributable to owners of the Company | | | |
| – Basic and diluted (HK cent) | 6 | (0.05) | (0.88) |

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three months ended 30 June 2021

| | Attributable to owners of the Company | | | | | | Attributable to non-controlling interests | Total |
|---|---------------------------------------|---------------------------|---------------------------|---------------------------------|--------------------------------|----------------------|---|-----------------|
| | Share capital HK\$'000 | Share premium HK\$'000 | Other reserve HK\$'000 | Translation reserve HK\$'000 | Accumulated losses HK\$'000 | Subtotal HK\$'000 | | |
| (Unaudited) | | | | | | | | |
| At 1 April 2020 | 63,037 | 28,785 | 27,313 | 89 | (132,037) | (12,813) | 11,168 | (1,645) |
| Loss for the period | — | — | — | — | (7,119) | (7,119) | (895) | (8,014) |
| Exchange differences arising on translation of foreign operations | — | — | — | (6) | — | (6) | (12) | (18) |
| Loss and total comprehensive expense recognised for the period | — | — | — | (6) | (7,119) | (7,125) | (907) | (8,032) |
| Capital injection from non-controlling interests | — | — | — | — | — | — | 4,393 | 4,393 |
| At 30 June 2020 | 63,037 | 28,785 | 27,313 | 83 | (139,156) | (19,938) | 14,654 | (5,284) |
| (Unaudited) | | | | | | | | |
| At 1 April 2021 | 63,037 | 28,785 | 27,313 | 2,420 | (196,469) | (74,914) | 14,960 | (59,954) |
| Loss for the period | — | — | — | — | (415) | (415) | (70) | (485) |
| Exchange differences arising on translation of foreign operations | — | — | — | (2) | — | (2) | — | (2) |
| Loss and total comprehensive expense recognised for the period | — | — | — | (2) | (415) | (417) | (70) | (487) |
| At 30 June 2021 | 63,037 | 28,785 | 27,313 | 2,418 | (196,884) | (75,331) | 14,890 | (60,441) |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2021

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 22 May 2014 as an exempted company with limited liability under the Companies Law Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands, and its principal place of business is 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 and its subsidiaries (together, the "**Group**") are principally engaged in (i) operation of restaurants; (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) provision of financial institution intermediation services.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These unaudited condensed consolidated financial statements for the three months ended 30 June 2021 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 three months ended 30 June 2021 are consistent with those adopted in the preparation of audited consolidated financial statements included in the Company's 2020/21 annual report, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (the "**New and Revised HKFRSs**") (which include all HKFRSs, Hong Kong Accounting Standards 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 three months ended 30 June 2021 and there have been no significant changes to the accounting policies applied in these unaudited condensed consolidated financial statements for the three months ended 30 June 2021.

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 three months ended 30 June 2021 have been prepared on the historical cost basis. These unaudited condensed consolidated financial statements for the three months ended 30 June 2021 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\$55,366,000 as at 30 June 2021 and incurred a net loss of approximately HK\$485,000 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 30 June | |
|---|---------------------------------------|------------------|
| | 2021 HK\$'000 | 2020 HK\$'000 |
| Revenue from contracts with customers | | |
| Restaurants operations | | |
| – Italian style | 6,987 | 7,264 |
| – Western style | 35,892 | 30,015 |
| – Asian style | 2,347 | 3,128 |
| – Chinese style | 984 | — |
| | 46,210 | 40,407 |
| Provision of interior design and fitting-out services | — | — |
| Provision of organic vegetables consulting services | 807 | 473 |
| Provision of financial intermediation services | 13,546 | — |
| | 60,563 | 40,880 |
| Geographical markets | | |
| Hong Kong | 45,226 | 40,407 |
| Mainland China | 15,337 | 473 |
| | 60,563 | 40,880 |
| Timing of revenue recognition | | |
| A point in time | 46,210 | 40,407 |
| Over time | 14,353 | 473 |
| | 60,563 | 40,880 |

For all contracts for provision of good 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.

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.

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 the provision of food and beverages to customers. Payment of the transaction price is mostly due immediately at the point of providing food and beverages to customers. Customer deposits for corporate events are recognized as contract liability.

Provision of interior design and fitting-out services (revenue recognised over time)

The Group provides interior design and fitting-out services to customers. Such services are recognized 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 institutions intermediation services

In all arrangements where the Group is not the loan originator, the Group also generates non-interest service fees by facilitating transactions between borrowers and financial institutions. The Group determines that it is not the legal lender and legal borrower in the loan origination and repayment process. Therefore, the Group does not record loans receivable and payable arising from the loans.

The Group's services consist of:

- Upfront loan facilitation service: matching potential qualified borrowers to financial institutions and facilitating the execution of loan agreements between the parties;
- Post loan facilitation service: providing repayment processing services for the financial institutions over the loan term, including following up on late repayments;
- Guarantee service provided to financial institutions, if applicable.

The Group does not receive upfront payments from borrowers and financial institutions at loan inception but receives subsequent payments from financial institutions over the term of the loan. The total service fees are first allocated to the guarantee liabilities at fair value which meets the definition of a financial guarantee under HKFRS 9. The remaining amount is then allocated to upfront loan facilitation service and post loan facilitation service using best estimated selling price, as neither vendor specific objective evidence or third party evidence of selling price is available.

Upfront loan facilitation service fees are recognised at loan inception. When the cash received is not equal to the fee allocated to the upfront loan facilitation service, a "contract asset" or "contract liability" is recognised. Post loan facilitation service fees are recognised over the term of the loan, which approximates the pattern of when the underlying services are performed. Gains from guarantee are recognised ratably over the term of the loan.

The Group expects to have any contracts where the period between the transfer of the promised services to the customer and payment by the customer exceeds one year. As a consequence, the Group adjusts the transaction prices for the time value of money.

4. INCOME TAX (EXPENSE)/CREDIT

| | For the three months ended 30 June | |
|-----------------------|---------------------------------------|---------------------------------|
| | 2021 HK\$'000 (Unaudited) | 2020 HK\$'000 (Unaudited) |
| Hong Kong Profits Tax | — | — |
| Deferred tax | (335) | 272 |
| | (335) | 272 |

No provision for Hong Kong Profits Tax has been made for Hong Kong subsidiaries, as there was no estimated assessable profit during the three months ended 30 June 2021 (30 June 2020: Nil).

No provision for Enterprise Income Tax has been made for the People's Republic of China (the "PRC") subsidiaries, as there was no estimated assessable profit during the three months ended 30 June 2021 (30 June 2020: Nil).

Deferred tax expense of approximately HK\$335,000 for the three months ended 30 June 2021 (30 June 2020: HK\$272,000, credit) arose from the temporary differences in relation to amortisation of intangible assets and unrealised gains in Mainland China (30 June 2020: Nil).

5. DIVIDEND

The Board has resolved not to declare any dividend for the three months ended 30 June 2021 (30 June 2020: Nil).

6. 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 in issue for the relevant periods.

| | For the three months ended 30 June | |
|---|---------------------------------------|---------------------|
| | 2021 (Unaudited) | 2020 (Unaudited) |
| Loss attributable to owners of the Company (HK\$'000) | (415) | (7,119) |
| Weighted average number of ordinary shares in issue (thousands) | 810,250 | 810,250 |
| Basic loss per share (HK cent) | (0.05) | (0.88) |

(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 June 2021 and 2020.

For the three months ended 30 June 2021 and 2020, 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 three months ended 30 June 2021 and up to the date of this report, the Group had been principally engaged in (i) operating a variety of cuisines, mainly Asian, Western, Italian and Chinese, 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 three months ended 30 June 2021, the Group maintained its focus on 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 both three months ended 30 June 2021 and 2020, the operating results of our restaurants had been continuously negatively impacted by the outbreak of novel coronavirus (the "**COVID-19 Pandemic**"). Certain short-term measures had 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. The situation of COVID-19 Pandemic during the three months ended 30 June 2021 has slightly recovered from the last financial year, together with the opening of a new Western style restaurant in last financial year, leading to a slight increase in revenue, as well as a decrease in loss, for our food and beverage 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

During the three months ended 30 June 2021, the business suffered operating loss of approximately RMB15,000 (equivalent to approximately HK\$18,000). During the three months ended 30 June 2021, no revenue was recognised in this segment as the contracts were suspended temporarily due to the impact of the COVID-19 Pandemic.

Provision of Organic Vegetables Consulting Services

During the three months ended 30 June 2021, the business suffered operating loss of approximately RMB11,000 (equivalent to approximately HK\$13,000) as the size of such business of the Group is relatively small with a narrow base of customer as the moment.

Financial Institution Intermediation Services

The Group has laid out a one-stop and professional financial services platform for financial practitioners and financial institutions based on the macro background of China's consistent policy of vigorously supporting small and medium-sized enterprises. Currently, the Group cooperates with financial practitioners and financial institutions to contact potential qualified borrowers through financial practitioners, and then the Group recommends potential qualified borrowers to financial institutions and facilitates both parties to enter into loan agreements, and the financial institutions provide loans to the borrowers. During the three months ended 30 June 2021, the business of the Group generated profits of approximately RMB51,000 (equivalent to approximately HK\$61,000).

Financial Review

Revenue

During the three months ended 30 June 2021, the Group's revenue was generated from (i) the operation of restaurants in Hong Kong and the PRC; (ii) provision of interior design and fitting-out services in the PRC; (iii) provision of organic vegetables consulting services in the PRC; and (iv) provision of financial institution intermediation services in the PRC. As at 30 June 2021, we had 12 (2020: 13) restaurants in Hong Kong, of which no restaurant (2020: Nil) was newly established and 1 restaurant (2020: 3 restaurants) had been closed or were disposed of. As at 30 June 2021, we had 1 (2020: Nil) restaurant in the PRC.

The Group's restaurants served mainly four categories of cuisines during the three months ended 30 June 2021. 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 the total revenue during the three months ended 30 June 2021.

| | For the three months ended 30 June | | | |
|--|--------------------------------------|------------------------------|--------------------------------------|------------------------------|
| | 2021 | | 2020 | |
| | Revenue (HK\$'000) (Unaudited) | % of total revenue (%) | Revenue (HK\$'000) (Unaudited) | % of total revenue (%) |
| Western style | 35,892 | 59.3 | 30,015 | 73.4 |
| Italian style | 6,987 | 11.5 | 7,264 | 17.8 |
| Asian style | 2,347 | 3.9 | 3,128 | 7.7 |
| Chinese style | 984 | 1.6 | — | — |
| Operation of restaurants | 46,210 | 76.3 | 40,407 | 98.9 |
| Provision of interior design and fitting-out services | — | — | — | — |
| Provision of organic vegetables consulting services | 807 | 1.3 | 473 | 1.1 |
| Provision of financial institution intermediation services | 13,546 | 22.4 | — | — |
| Total | 60,563 | 100.0 | 40,880 | 100.0 |

Western style restaurants

The revenue generated from operation of Western style restaurants increased by approximately HK\$5.9 million, or approximately 19.6%, from approximately HK\$30.0 million for the three months ended 30 June 2020 to approximately HK\$35.9 million for the three months ended 30 June 2021. Such increase was mainly due to (i) the slight recovery of COVID-19 Pandemic in the second quarter of 2021 when compared to the same period in last year; and (ii) the opening of a new Western style restaurant during the last financial year. The increase was slightly offset by the closure of a Western style restaurant in late-June 2021. This Western style restaurant contributed approximately HK\$2.2 million to the segment revenue during the three months ended 30 June 2021.

Italian style restaurants

The revenue generated from operation of Italian style restaurants slightly decreased by approximately HK\$0.3 million, or approximately 3.8%, from approximately HK\$7.3 million for the three months ended 30 June 2020 to approximately HK\$7.0 million for the three months ended 30 June 2021. No material changes in the operation and the number of restaurants in our Italian style restaurant segment.

Asian style restaurants

The revenue generated from operation of Asian style restaurants decreased by approximately HK\$0.8 million, or approximately 25.0%, from approximately HK\$3.1 million for the three months ended 30 June 2020 to approximately HK\$2.3 million for the three months ended 30 June 2021. The decrease was resulted from the closure of a loss-making restaurant in the second quarter of 2020. The closed Asian restaurant contributed approximately HK\$1.0 million to the segment revenue during the three months ended 30 June 2020.

Chinese style restaurants

The revenue generated from operation of the Chinese style restaurant was approximately HK\$10.0 million for the three months ended 30 June 2021 (three months ended 30 June 2020: Nil).

Interior design and fitting-out services

No revenue was recognised for the three months ended 30 June 2021 in this segment as the contracts were suspended temporarily due to the impact of the COVID-19 Pandemic (three months ended 30 June 2020: Nil).

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\$0.8 million for the three months ended 30 June 2021 (three months ended 30 June 2020: HK\$0.5 million).

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\$13.5 million for the three months ended 30 June 2021 (three months ended 30 June 2020: Nil).

Cost of sales and inventories consumed

The cost of sales mainly represents the costs of provision of organic vegetables consulting services. The major component include 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 cost of inventories amounted to approximately HK\$0.3 million and HK\$0.8 million and HK\$9.3 million and HK\$11.1 million for each of the three months ended 30 June 2020 and 2021, respectively. Both the increase in cost of sales and cost of inventories were in consistent with the increase in revenue.

Loan referral and guarantee expenses

Loan and referral and guarantee expenses, which represents the cost of financial institution intermediation services, including customer service cost and third party guarantee fee, which amounted to approximately HK\$8.8 million for the three months ended 30 June 2021 (three months ended 30 June 2020: Nil), representing approximately 64.9% of the Group's revenue generated from the financial institution intermediation business segment for the three months ended 30 June 2021.

Employee benefits expenses

Employee benefits expenses represented one of the major components of the Group's operating expenses, which primarily consisted of Directors' emoluments, salaries, retirement benefit scheme contributions and other benefits. The employee benefits expenses increased by approximately HK\$1.2 million from approximately HK\$18.4 million to approximately HK\$19.6 million for the three months ended 30 June 2020 and 2021, respectively.

Rental and related expenses

Our depreciation expense in respect of right-of-use assets plus rental and related expenses of regarding the food and beverage business amounting to approximately HK\$8.0 million for the three months ended 30 June 2021. Comparing to the right-of-use assets plus rental and related expenses of approximately HK\$10.6 million for the three months ended 30 June 2020, the decrease was mainly due to the impairment losses of right-of-use assets during the previous financial years, leading to a decrease in monthly depreciation amount of the right-of-use assets during the current period.

Our depreciation expense in respect of right-of-use assets plus rental and related expenses regarding the interior design, fitting-out business, organic vegetables consulting business and financial institution intermediation business amounting to approximately HK\$0.5 million for the three months ended 30 June 2021. Comparing to the rental and related expenses of approximately HK\$1.2 million for the three months ended 30 June 2020, the decrease was due to the relocation to new offices with lower rent.

Other expenses

Other expenses mainly include advertising, cleaning and laundry expenses, credit card commission, packing and printing materials, music performance show, repair and maintenance, legal and professional fee and insurance. During the three months ended 30 June 2021 and 2020, the Group recognised other expenses of approximately HK\$7.4 million and HK\$7.1 million, respectively, representing approximately 12.2% and 17.3% of the Group's total revenue for the corresponding periods.

Finance income/(costs), net

Finance income mainly included interest income from contract assets, which amounted to approximately HK\$3.8 million for the three months ended 30 June 2021 (three months ended 30 June 2020: Nil).

Finance costs mainly represent finance costs recognised in relation to the lease liabilities regarding the rental contracts upon adoption of HKFRS 16 "Leases".

Loss attributable to owners of the Company

Loss attributable to owners of the Company for the three months ended 30 June 2021 was approximately HK\$0.4 million (three months ended 30 June 2020: HK\$7.1 million).

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

- (i) A one-off government subsidy under the Employment Support Scheme amounting to approximately HK\$4.7 million was received for the three months ended 30 June 2020, while only HK\$0.6 million government grants was received during the three months ended 30 June 2021.
- (ii) The revenue of our restaurants in Hong Kong for the three months ended 30 June 2021 has been slightly improved when compared to the three months ended 30 June 2020;
- (iii) Decrease of depreciation of property, plant and equipment;
- (iv) Finance income amounted to approximately HK\$3.8 million generated by our financial institution intermediation services for the three months ended 30 June 2021.

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 three months ended 30 June 2021, the Group continued to maintain its focus in serving a variety of cuisines at varying prices under different brands to a diversified customer base in Hong Kong and the PRC. As at 30 June 2021, the Group was operating 13 restaurants, with 8 full-service restaurants and 4 bakery restaurants in Hong Kong and 1 restaurant in the PRC.

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 customized one-stop solution aims to provide affordable luxury and environmental-friendly service to the PRC clients. The business is facing fierce competition in the market. We will pay close attention to the market environment and try our best to develop and grow the business by combining our own advantageous resources.

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 marco environment of a consistent supporting policy for micro, small and medium-sized enterprises in the PRC, the Group is setting up a one-stop and professional financial service platform with excellent performance for financial market practitioners. Small and micro enterprises, including their individual entrepreneurs and owners, are the major forces in absorbing employment, stimulating innovation, driving investment and promoting consumption, and are important contributors to the gross domestic product, national tax revenue and urban employment, but financing has always been a prominent problem limiting the development of small and micro enterprises. The financial service platform established by the Group helps to ease this problem. It is also in line with the policy direction of the government to support the development of small and micro economy. The Group is optimistic about the prospects of this business.

The Group will take opportunities to continue to invest in 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 30 June 2021, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions

(a) Shares in the Company:

| Name of 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 29.90% 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, the 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 June 2021, none of the Directors and chief executive of the Company has any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 30 June 2021, the interests and short positions of substantial shareholders and other persons (not being a Director or the chief executive of the Company) in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Long positions of the shares of the Company:

| Name | Capacity/Nature of 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 controlled corporation/Corporate interest | 607,600,000(L) | 74.99% |
| Mr. Law Fei Shing ("Mr. Law") ^{Note} | Interest in controlled corporation/Corporate interest | 607,600,000(L) | 74.99% |

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

(L) Long position

Save as disclosed above, as at 30 June 2021, so far as it was known by or otherwise notified to the Directors or the chief executive of the Company, no other corporations which or persons who (other than a Director or the chief executive of the Company) had interest or short positions in the shares and the underlying shares of the Company, which/who would notified to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

(a) Pre-IPO Share Option Scheme

The Company's Pre-IPO Share Option Scheme was adopted on 14 July 2016 and the principal terms of which were set out in the prospectus 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.

During the three months ended 30 June 2021, no share options were granted, exercised or cancelled or lapsed under the Pre-IPO Share Option Scheme.

(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.

During the three months ended 30 June 2021, no share options were granted, exercised or cancelled or lapsed under the Post-IPO Share Option Scheme.

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

The Company did not redeem any of the shares of the Company listed on GEM nor did the Company or any of its subsidiaries purchase or sell any such shares of the Company during the three months ended 30 June 2021.

DIRECTORS' INTERESTS IN CONTRACTS

During the three months ended 30 June 2021, no Director had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or its holding company or any of its subsidiaries or fellow subsidiaries was a party.

DIRECTORS' INTEREST IN COMPETING INTERESTS

During the three months ended 30 June 2021, none of the Directors or substantial shareholders of the Company or any of their respective close associates (as defined in the GEM Listing Rules) has engaged in any business that competed or might compete with the business of the Group, or have any other conflict of interests with the Group.

DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted the required standard of dealings in the securities (the “**Required Standard of Dealings**”) as contained in Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct for dealings in the securities of the Company by the Directors. Having made specific enquiries by the Company, all the Directors have confirmed that they had complied with the Required Standard of Dealings during the three months ended 30 June 2021.

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 to 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 three months ended 30 June 2021, the Company has not separated the roles of chairman and chief executive officer of the Company. Mr. James Lu is the chairman and also the chief executive officer of the Company. The Board believes that vesting the roles of both the chairman of the Board 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 considers that the structure currently operated by the Company does not undermine the balance of power and authority between the Board and the management as the decisions of the Board are made collectively by way of voting and therefore the chairman of the Board should not be able to monopolize the voting result. 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 Director 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 an Audit Committee with written terms of reference aligned with the provision of the code provisions set out in the CG Code. 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 condensed consolidated results of the Group for the three months ended 30 June 2021 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 legal requirements and that adequate disclosures have been made.

DIVIDEND

The Board has resolved not to declare any dividend for the three months ended 30 June 2021 (three months ended 30 June 2020: Nil).

MATERIAL ACQUISITION AND DISPOSAL

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the three months ended 30 June 2021.

EVENT AFTER REPORTING PERIOD

The Group does not have any material subsequent event after the three months ended 30 June 2021 and up to the date of this report.

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

Hong Kong, 11 August 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.