



LIFE CONCEPTS

Life Concepts Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8056

**THIRD QUARTERLY REPORT
2021/22**



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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 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 nine months ended 31 December 2021 was approximately HK\$145.3 million, representing an increase of approximately 31.7% when compared with that of the corresponding period in 2020.
- Total comprehensive loss attributable to owners of the Company for the nine months ended 31 December 2021 was approximately HK\$21.8 million, represents a decrease in total comprehensive loss of approximately 37.7% when compared with that of the corresponding period in 2020.
- The Board did not declare any dividend for the nine months ended 31 December 2021 (nine months ended 31 December 2020: Nil).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine months ended 31 December 2021

	Notes	For the three months ended 31 December		For the nine months ended 31 December	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	3	37,559	40,246	145,326	110,356
Cost of sales and inventories consumed		(7,903)	(8,541)	(28,662)	(26,208)
Loan referral and guarantee expenses		(5,150)	(10,673)	(14,922)	(10,673)
Employee benefit expenses		(14,142)	(19,688)	(50,538)	(55,693)
Depreciation and amortization		(7,606)	(15,311)	(23,979)	(45,266)
Rental and related expenses		(1,533)	349	(6,697)	(547)
Utilities and consumables		(1,483)	(1,598)	(4,784)	(4,490)
Franchise and licensing fees		(488)	(654)	(2,171)	(1,664)
Net impairment losses on financial instruments and contract assets		(6,653)	—	(20,259)	—
Other expenses		(9,582)	(4,248)	(24,673)	(8,229)
Other (losses)/gains, net		(405)	261	800	1,110
Finance income/(costs), net		1,258	(401)	7,323	(1,204)
Loss before income tax		(16,128)	(20,258)	(23,236)	(42,508)
Income tax credit	4	1,912	290	2,299	800
Loss for the period		(14,216)	(19,968)	(20,937)	(41,708)
Other comprehensive loss					
Item that may be reclassified to profit or loss:					
Exchange differences on translation of foreign operations		(167)	(725)	(3,910)	(666)
Total comprehensive loss for the period		(14,383)	(20,693)	(24,847)	(42,374)
Loss for the period attributable to:					
– Owners of the Company		(11,549)	(13,685)	(17,910)	(33,526)
– Non-controlling interests		(2,667)	(6,283)	(3,027)	(8,182)
		(14,216)	(19,968)	(20,937)	(41,708)
Total comprehensive loss attributable to:					
– Owners of the Company		(11,959)	(14,685)	(21,779)	(34,962)
– Non-controlling interests		(2,424)	(6,008)	(3,068)	(7,412)
		(14,383)	(20,693)	(24,847)	(42,374)
Loss per share attributable to owners of the Company					
– Basic and diluted (HK\$)	6	(0.01)	(0.02)	(0.02)	(0.04)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the nine months ended 31 December 2021

	Attributable to owners of the Company						Attributable to non-controlling interests	Total
	Share capital	Share premium	Other reserve	Translation reserve	Accumulated losses	Subtotal		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
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)
At 1 April 2021 (audited)	63,037	28,785	27,313	2,420	(196,469)	(74,914)	14,960	(59,954)
Loss for the period	—	—	—	—	(17,910)	(17,910)	(3,027)	(20,937)
Exchange differences arising on translation of foreign operations	—	—	—	(3,869)	—	(3,869)	(41)	(3,910)
Total comprehensive loss for the period	—	—	—	(3,869)	(17,910)	(21,779)	(3,068)	(24,847)
At 31 December 2021 (unaudited)	63,037	28,785	27,313	(1,449)	(214,379)	(96,693)	11,892	(84,801)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2021

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 and People's Republic of China (the "PRC"); (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 nine months ended 31 December 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 nine months ended 31 December 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 HKFRSs (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 nine months ended 31 December 2021 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 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 nine months ended 31 December 2021 have been prepared on the historical cost basis. These unaudited condensed consolidated financial statements for the nine months ended 31 December 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\$260,759,000 as at 31 December 2021 and incurred a net loss of approximately HK\$20,937,000 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	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue from contracts with customers				
Restaurant operations				
Italian style	7,376	6,000	20,815	17,910
Western style	23,678	29,340	90,811	81,738
Asian style	—	3,946	3,130	8,855
Chinese style	1,044	—	3,202	—
	32,098	39,286	117,958	108,503
Provision of financial institution intermediation services				
Upfront loan facilitation service fees	57	468	12,766	468
Post loan facilitation service fees	2,565	—	5,421	—
Guarantee service fees	78	—	1,523	—
Early redemption penalty and service charges	2,198	—	5,369	—
	4,898	468	25,079	468
Provision of interior design and fitting-out services	—	382	—	382
Provision of organic vegetables consulting services	563	110	2,289	1,003
	37,559	40,246	145,326	110,356
Geographical location				
Mainland China	6,505	960	30,570	1,853
Hong Kong	31,054	39,286	114,756	108,503
	37,559	40,246	145,326	110,356
Timing of revenue recognition				
A point in time	34,431	39,286	137,616	108,503
Over time	3,128	960	7,710	1,853
	37,559	40,246	145,326	110,356

3. REVENUE (Continued)

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

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 unsatisfied 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.

(ii) Performance obligations for contracts with customers

Restaurant operations

The Group operated a chain of restaurants. 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 recognised as contract liability.

Provision of interior design and fitting-out business

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

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

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.

3. REVENUE (Continued)

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

Provision of financial institution intermediation services (Continued)

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 in the condensed consolidated statement of financial position. 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 CREDIT

	For the three months ended 31 December		For the nine months ended 31 December	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Current tax				
Hong Kong Profits Tax	—	—	—	—
Under-provision in respect of prior years	—	(1)	—	(43)
PRC enterprise income tax	(1)	—	(4)	—
	(1)	(1)	(4)	(43)
Deferred tax	1,913	291	2,303	843
Income tax credit	1,912	290	2,299	800

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

No provision for Hong Kong Profits Tax has been made for Hong Kong subsidiaries, as there was no estimated assessable profit during the nine months ended 31 December 2021 (2020: Nil).

Deferred tax credit of approximately HK\$2,303,000 for the nine months ended 31 December 2021 (2020: HK\$843,000) arose from the temporary differences in relation to amortisation of intangible assets and unrealised gains in the PRC.

5. DIVIDEND

The Board does not declare any dividend for the nine months ended 31 December 2021 (nine months ended 31 December 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 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	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Loss for the period attributable to owners of the Company (HK\$'000)	(11,549)	(13,685)	(17,910)	(33,526)
Weighted average number of ordinary shares in issue (thousands)	810,250	810,250	810,250	810,250
Basic loss per share (HK\$)	(0.01)	(0.02)	(0.02)	(0.04)

(b) Diluted

Diluted loss per share presented is the same as the basic loss per share as there was no potentially dilutive ordinary share outstanding as at 31 December 2021 and 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

During the nine months ended 31 December 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 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 in the PRC.

Business Review

Food and Beverage Business

During the nine months ended 31 December 2021, 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 2021, the operating results of the Group’s restaurants have slightly recovered from the outbreak of the novel coronavirus pneumonia (COVID-19) (the “**COVID-19 Pandemic**”). Although several short-term measures were still in place including but not limited to the implementation of travel restrictions, several restrictions in relation to catering business and prohibition on group gathering, the government has relaxed some social distancing measures and promoted the electronic consumption voucher scheme in order to encourage and boost local consumption. As a result, the Company recorded an increase in revenue from restaurant operations for the nine months ended 31 December 2021. In the long run, the COVID-19 Pandemic may continue to have unforeseeable impact to the global economy which may affect the Group’s business.

To cope with the impact of the COVID-19 Pandemic, during the nine months ended 31 December 2021, the Group continued to perform 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 also continue to adhere to its professionalism and stick to the bottom line of every investment to protect the funds of investors and strive to minimise the impact of the COVID-19 Pandemic.

Interior Design and Fitting-out Business

During the nine months ended 31 December 2021, the business generated no revenue. It was mainly due to the fact that it was still in a start-up stage and a contract was still temporarily suspended due to the impact of the COVID-19 Pandemic and other factors.

Provision of Organic Vegetables Consulting Services

During the nine months ended 31 December 2021, the business was still in a start-up stage and the size of such business of the Group is relatively small with a narrow base of customers at 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. As of 31 December 2021, the Group facilitated financial institutions to provide a total of RMB825.6 million of loans to borrowers. During the nine months ended 31 December 2021, the business of the Group generated revenue of approximately HK\$25,079,000 (2020: HK\$468,000), as more revenue was generated after the start-up stage of operation.

Financial Review

Revenue

During the nine months ended 31 December 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 31 December 2021, the Group had 10 (2020: 13) operating restaurants in Hong Kong and the PRC, of which Nil (2020: 1) was newly established and 4 restaurants (2020: 4) had been closed or were disposed of during the nine months ended 31 December 2021.

The Group's restaurants served mainly four categories of cuisines during the nine months ended 31 December 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 for the periods as indicated.

	For the three months ended 31 December				For the nine months ended 31 December			
	2021		2020		2021		2020	
	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	23,678	63.0	29,340	70.9	90,811	62.5	81,738	74.1
Italian style	7,376	19.7	6,000	14.5	20,815	14.3	17,910	16.2
Asian style	—	—	3,946	9.5	3,130	2.2	8,855	8.0
Chinese style	1,044	2.8	—	—	3,202	2.2	—	—
Operation of restaurants	32,098	85.5	39,286	94.9	117,958	81.2	108,503	98.3
Provision of interior design and fitting-out services	—	—	382	0.9	—	—	382	0.3
Provision of organic vegetables consulting services	563	1.5	110	0.3	2,289	1.6	1,003	0.9
Provision of financial institution intermediation services	4,898	13.0	468	3.9	25,079	17.2	468	0.5
Total	37,559	100.0	40,246	100.0	145,326	100.0	110,356	100.0

Western style restaurants

The revenue generated from operation of Western style restaurants of the Group increased by approximately HK\$9.1 million, or approximately 11.1%, from approximately HK\$81.7 million for the nine months ended 31 December 2020 to approximately HK\$90.8 million for the nine months ended 31 December 2021. Such increase was mainly due to the relaxation of some social distancing measures by the government and the promotion of the electronic consumption voucher scheme in order to encourage and boost local consumption.

Italian style restaurants

The revenue generated from operation of Italian style restaurants of the Group increased by approximately HK\$2.9 million, or approximately 16.2%, from approximately HK\$17.9 million for the nine months ended 31 December 2020 to approximately HK\$20.8 million for the nine months ended 31 December 2021. The increase was resulted from the reasons as mentioned above.

Asian style restaurants

The revenue generated from operation of Asian style restaurants of the Group decreased by approximately HK\$5.7 million, or approximately 64.7%, from approximately HK\$8.9 million for the nine months ended 31 December 2020 to approximately HK\$3.1 million for the nine months ended 31 December 2021. The decrease was resulted from the closure of the Asian style restaurants of the Group during the year ended 31 March 2021 and the current financial period.

Chinese restaurants

The revenue generated from operation of the Chinese style restaurant was approximately HK\$3.2 million for the nine months ended 31 December 2021 (2020: Nil). Due to the impact of the COVID-19 Pandemic, the operation of the Chinese style restaurant in the PRC had been suspended.

Provision of interior design and fitting-out services

The revenue generated from provision of interior design and fitting-out services was Nil for the nine months ended 31 December 2021 (2020: HK\$0.4 million), as the contracts were suspended temporarily due to 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\$2.3 million for the nine months ended 31 December 2021 (2020: HK\$1.0 million). The main reason for the increase was resulted from the expansion of Shanghai Aie Agriculture Technology Company Limited* (上海愛娥蔬菜種植專業合作社), being a customer of the Group's subsidiary, during the current financial period, which led to the increase in consulting service income.

Provision of financial institution intermediation services

The revenue generated from the provision of financial institution intermediation services by the Group was approximately HK\$25.1 million for the nine months ended 31 December 2021 (2020: HK\$0.5 million). The increase in revenue was mainly because the revenue derived from financial institution intermediation services were started in the fourth quarter of 2020.

** For identification purposes only*

Cost of sales and inventories consumed

The cost of sales and 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\$26.2 million and HK\$28.7 million for the nine months ended 31 December 2020 and 2021, respectively, representing approximately 23.7% and 19.7% of the Group's total revenue for the corresponding periods. The increase in cost of inventories consumed was in consistent with the increase in revenue during the nine months ended 31 December 2021.

Loan referral and guarantee expenses

Loan 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\$14.9 million for the nine months ended 31 December 2021 (2020: HK\$10.7 million). Since the financial institution intermediation services segment was in the start-up stage of operation during the nine months ended 31 December 2020, costs were generated when revenue level was low.

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 incurred in the Hong Kong food and beverage business decreased by approximately HK\$7.3 million from approximately HK\$52.4 million to approximately HK\$45.1 million for the nine months ended 31 December 2020 and 2021, respectively. The decrease was mainly due to the decrease in number of staff for Hong Kong office and restaurants as a result the 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 incurred in the food and beverage business in the PRC increased by approximately HK\$0.8 million from Nil to approximately HK\$0.8 million for the nine months ended 31 December 2020 and 2021, respectively. The increase was due to the newly established restaurant in the PRC during the second half of the year ended 31 March 2021.

The employee benefits expenses regarding the interior design and fitting-out, organic vegetables consulting and financial institution intermediation business increased by approximately HK\$1.3 million from approximately HK\$3.3 million for the nine months ended 31 December 2020 to approximately HK\$4.6 million for the nine months ended 31 December 2021. The increase was mainly due to the increase in staff costs in financial institution intermediation business as a result of a longer operation period.

Rental and related expenses

Upon the adoption of Hong Kong Financial Reporting Standards 16 “Leases” (“**HKFRS 16**”), rental expenses were no longer recognised. Instead, depreciation on right-of-use assets was recognised in profit or loss and included in the Group’s depreciation and amortisation.

The Group’s depreciation expense in respect of right-of-use assets plus rental and related expenses regarding the food and beverage business in Hong Kong amounted to approximately HK\$22.6 million for the nine months ended 31 December 2021. Comparing to the depreciation expenses of right-of-use assets plus rental and related expenses of approximately HK\$31.0 million for the nine months ended 31 December 2020, the decrease was mainly due to (i) reduction of tenancy agreements entered into upon closure and disposal of restaurants during the current financial period and the year ended 31 March 2021, and (ii) impairment loss on right-of-use assets recognised in previous financial years.

The Group’s depreciation expense in respect of right-of-use assets plus rental and related expenses regarding the food and beverage business in the PRC amounted to approximately HK\$0.8 million for the nine months ended 31 December 2021. Comparing to the depreciation expenses of right-of-use assets plus rental and related expenses of approximately Nil for the nine months ended 31 December 2020, the increase was due to the newly established restaurant in the PRC in the second half of the year ended 31 March 2021.

The Group’s 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 amounted to approximately HK\$1.1 million for the nine months ended 31 December 2021. Comparing to the depreciation expenses of right-of-use assets plus rental and related expenses of approximately HK\$8.1 million for the nine months ended 31 December 2020, the decrease was due to the impairment loss on right-of-use assets recognised in previous years.

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 nine months ended 31 December 2020 and 2021, the Group recognised other expenses of approximately HK\$8.2 million and HK\$24.7 million, respectively, representing approximately 7.5% and 17.0% of the Group’s total revenue for the corresponding periods.

The increase in other expenses incurred in the reporting period was mainly due to the receipt of government subsidies under the Employment Support Scheme and other governmental supporting schemes amounting to approximately HK\$18.1 million in last financial period, whereas only approximately HK\$0.6 million was received in the current financial period.

Finance income/(costs), net

Finance income mainly included interest income from contract assets. The increase in finance income is mainly derived from the provision of financial intermediation services segment.

Finance costs mainly represent (i) finance costs recognised in relation to the lease liabilities regarding the rental contracts upon adoption of HKFRS 16; and (ii) finance costs recognised on accrued loan referral expenses. The increase in finance costs for the nine months ended 31 December 2021 was mainly due to the increase in interest expense on accrued loan referral expenses derived from the provision of financial intermediation services segment.

Loss attributable to owners of the Company

Loss attributable to owners of the Company for the nine months ended 31 December 2021 was approximately HK\$17.9 million, while the loss attributable to owners of the Company for the nine months ended 31 December 2020 was approximately HK\$33.5 million. The decrease in loss attributable to owners of the Company for the nine months ended 31 December 2021 was primarily attributable to the following factors:

- (i) The revenue and operating results of the Group's restaurants in Hong Kong have slightly recovered from the outbreak of the COVID-19 Pandemic since January 2020, as the government has relaxed some social distancing measures and promoted the electronic consumption voucher scheme in order to encourage and boost local consumption;
- (ii) The decrease in loss from the Group's interior design and fitting-out business, provision of organic vegetables consulting services and financial institution intermediation services as more revenue was generated after the start-up stage of operation; and
- (iii) The disposal and closure of certain loss-making restaurants of the Group during the last and the current financial periods led to the decrease in the operating costs of the Group's food and beverage business, comprising mainly cost of inventories consumed, staff costs, rental expenses and other operating expenses.

The decrease in loss of the Group during the nine months ended 31 December 2021 is partially offset by the increase in net impairment losses on financial instruments and contract assets during the nine months ended 31 December 2021 due to the early repayment of the borrowers to the financial institutions in the Group's provision of financial institution intermediation service segment.

OUTLOOK

Despite the keen competition and challenging operating environment in the 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 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 31 December 2021, the Group was operating 10 restaurants, with 9 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.

The Group's 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. The Group will pay close attention to the market environment and endeavor to develop and grow the business by combining its 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.

The Group has established a one-stop and professional financial service platform with excellent performance for financial market practitioners to support the development of micro, small and medium-sized enterprises in the PRC. The Group will continue to observe the changes of business environment and government policies in this segment and adjust its business strategy in accordingly.

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 31 December 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")) 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 29.90% 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, 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 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) 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 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 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 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 2021, 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 the 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 2021 and no share options were granted, exercised or cancelled or lapsed under the Share Option Scheme during the nine months ended 31 December 2021.

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 2021.

DIRECTORS' INTERESTS IN CONTRACTS

During the nine months ended 31 December 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' AND CONTROLLING SHAREHOLDERS' COMPETING INTERESTS

During the nine months ended 31 December 2021, 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 2021.

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 2021, 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 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 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 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 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 2021 (nine months ended 31 December 2020: Nil).

MATERIAL ACQUISITION AND DISPOSAL

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the nine months ended 31 December 2021.

EVENT AFTER REPORTING PERIOD

The Group does not have any material subsequent event after the nine months ended 31 December 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, 9 February 2022

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.