



LIFE CONCEPTS

Life Concepts Holdings Limited

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

Stock Code: 8056

THIRD QUARTERLY REPORT 2022/23



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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 2022, together with the unaudited comparative figures for the corresponding period in 2021 as set out below.

FINANCIAL HIGHLIGHTS

- The Group’s revenue for the nine months ended 31 December 2022 was approximately HK\$46.5 million, representing a decrease of approximately 68.0% when compared with that of the corresponding period in 2021.
- Total comprehensive loss attributable to owners of the Company for the nine months ended 31 December 2022 was approximately HK\$15.6 million, represents a decrease in total comprehensive loss of approximately 28.3% when compared with that of the corresponding period in 2021.
- The Board did not declare any dividend for the nine months ended 31 December 2022 (nine months ended 31 December 2021: Nil).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine months ended 31 December 2022

	Notes	For the three months ended 31 December		For the nine months ended 31 December	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	3	17,400	37,559	46,450	145,326
Cost of sales and inventories consumed		(8,181)	(7,903)	(13,834)	(28,662)
Loan referral and guarantee expenses		(161)	(5,150)	(486)	(14,922)
Employee benefit expenses		(6,755)	(14,142)	(24,021)	(50,538)
Depreciation and amortization		(2,406)	(7,606)	(9,134)	(23,979)
Rental and related expenses		(1,646)	(1,533)	(3,105)	(6,697)
Utilities and consumables		(588)	(1,483)	(2,235)	(4,784)
Franchise and licensing fees		(854)	(488)	(1,203)	(2,171)
Net impairment losses on financial instruments and contract assets		(1,121)	(6,653)	(6,630)	(20,259)
Other expenses		(6,540)	(9,582)	(13,915)	(24,673)
Other gains/(losses), net		1,063	(405)	4,244	800
Finance income, net		1,062	1,258	4,351	7,323
Loss before income tax		(8,727)	(16,128)	(19,518)	(23,236)
Income tax credit	4	105	1,912	378	2,299
Loss for the period		(8,622)	(14,216)	(19,140)	(20,937)
Other comprehensive loss					
Item that may be reclassified to profit or loss:					
Exchange differences on translation of foreign operations		(293)	(167)	2,156	(3,910)
Total comprehensive loss for the period		(8,915)	(14,383)	(16,984)	(24,847)
Loss for the period attributable to:					
– Owners of the Company		(8,532)	(11,549)	(18,637)	(17,910)
– Non-controlling interests		(90)	(2,667)	(503)	(3,027)
		(8,622)	(14,216)	(19,140)	(20,937)
Total comprehensive loss attributable to:					
– Owners of the Company		(8,921)	(11,959)	(15,613)	(21,779)
– Non-controlling interests		6	(2,424)	(1,371)	(3,068)
		(8,915)	(14,383)	(16,984)	(24,847)
Loss per share attributable to owners of the Company					
– Basic and diluted (HK\$)	6	(0.005)	(0.01)	(0.02)	(0.02)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the nine months ended 31 December 2022

	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 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)
At 1 April 2022 (audited)	63,037	28,785	27,313	(1,743)	(237,317)	(119,925)	9,510	(110,415)
Loss for the period	—	—	—	—	(18,637)	(18,637)	(503)	(19,140)
Exchange differences arising on translation of foreign operations	—	—	—	3,024	—	3,024	(868)	2,156
Total comprehensive loss for the period	—	—	—	3,024	(18,637)	(15,613)	(1,371)	(16,984)
Capital reorganisation (note i)	(56,733)	—	—	—	56,733	—	—	—
Reduction of share premium (note ii)	—	(28,785)	—	—	28,785	—	—	—
Issue of shares (note iii)	8,487	35,034	—	—	—	43,521	—	43,521
Share issue expenses (note iii)	—	(2,056)	—	—	—	(2,056)	—	(2,056)
Non-controlling interest arising from acquisition of a subsidiary	—	—	—	—	—	—	63	63
Transfer	—	(32,978)	—	—	32,978	—	—	—
At 31 December 2022 (unaudited)	14,791	—	27,313	1,281	(137,458)	(94,073)	8,202	(85,871)

Notes:

- i. Pursuant to the extraordinary general meeting held on 15 August 2022, the resolutions involving the capital reorganisation were duly passed by way of poll. Upon the effective of capital reorganisation on 27 September 2022, issued share capital of the Company was applied by the Company to set off the accumulated losses of the Company in full. Details could be referred to the circular dated 28 June 2022 and the announcements dated 15 August 2022, 7 September 2022 and 27 September 2022.
- ii. By a special resolution passed at the extraordinary general meeting held on 15 August 2022, the Company was allowed to reduce the entire amount standing to the credit of the share premium to nil and to transfer the credits arising from such reduction to the contributed surplus account and then the entire amount in the contributed surplus account was applied to set off against the accumulated losses of the Company. The conditions of the reduction of share premium were fulfilled and it was effective from 27 September 2022.
- iii. Pursuant to the announcement dated 31 October 2022 and the prospectus dated 10 October 2022 in relation to the rights issue, the relevant conditions set out were fulfilled and the rights issue was executed. On 1 November 2022, the Company issued 1,088,040,908 ordinary shares of US\$0.001 each at a subscription price of HK\$0.04 per ordinary share, resulting in net proceeds of approximately HK\$41,465,000.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2022

1. GENERAL INFORMATION

The Company was deregistered in the Cayman Islands and duly continued in Bermuda as an exempted company under the laws of Bermuda with limited liability upon the change of domicile of the Company from the Cayman Islands to Bermuda became effective on 6 September 2022. The shares of the Company are listed on GEM. Its registered office has been changed to Canon's Court, 22 Victoria Street, Hamilton, HM 12, Bermuda 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) provision of catering services in Hong Kong; (ii) provision of consulting services in relation to organic vegetables research and development, plantation and sales; and (iii) 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 2022 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 2022 are consistent with those adopted in the preparation of audited consolidated financial statements included in the Company's 2021/22 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 2022 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 2022.

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 2022 have been prepared on the historical cost basis. These unaudited condensed consolidated financial statements for the nine months ended 31 December 2022 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\$91,994,000 as at 31 December 2022 and incurred a net loss of approximately HK\$19,140,000 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	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue from contracts with customers				
Provision of catering services	15,969	32,098	40,117	117,958
Provision of financial institution intermediation services				
Upfront loan facilitation service fees	—	57	—	12,766
Post loan facilitation service fees	774	2,565	3,005	5,421
Guarantee service fees	671	78	2,478	1,523
Early redemption penalty and service charges, net of exchange differences (<i>note 1</i>)	(14)	2,198	850	5,369
	1,431	4,898	6,333	25,079
Provision of organic vegetables consulting services	—	563	—	2,289
	17,400	37,559	46,450	145,326
Geographical location				
Mainland China	1,431	6,505	6,333	30,570
Hong Kong	15,969	31,054	40,117	114,756
	17,400	37,559	46,450	145,326
Timing of revenue recognition				
A point in time	15,969	34,431	40,117	137,616
Over time	1,431	3,128	6,333	7,710
	17,400	37,559	46,450	145,326

Note 1: Early redemption penalty and service charges charged for the three months ended 31 December, 2022 is nil. The disclosed amount is the exchange loss incurred upon translation of the early redemption penalty and service charges as at 31 December 2022.

3. REVENUE (Continued)

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

For all contracts for provision of catering services 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

Provision of catering services

The Group provides catering services through the operation of restaurants and trading of food and beverages. Revenue from the operation of restaurants 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 deposit for corporate events is recognised as contract liability. Revenue from trading of food and beverages is recognised at a point in time when transfer of control, which generally coincides with the time when the goods are delivered to customers and the title has passed.

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	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Current tax				
PRC enterprise income tax	—	(1)	—	(4)
Deferred tax	105	1,913	378	2,303
Income tax credit	105	1,912	378	2,299

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 People’s Republic of China (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 2022 (2021: Nil).

Deferred tax credit of approximately HK\$378,000 for the nine months ended 31 December 2022 (2021: HK\$2,303,000) 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 2022 (nine months ended 31 December 2021: 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	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Loss for the period attributable to owners of the Company (HK\$'000)	(8,532)	(11,549)	(18,637)	(17,910)
Weighted average number of ordinary shares in issue (thousands)	1,557,150	810,250	1,110,446	810,250
Basic loss per share (HK\$)	(0.005)	(0.01)	(0.02)	(0.02)

(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 2022 and 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

During the nine months ended 31 December 2022, the Group has been principally engaged in (i) operating restaurants in Hong Kong serving a variety of cuisines, mainly Western and Italian, targeting customers with a medium to high propensity to spend, as well as trading of food and beverages (the “**Provision of Catering Services**”); (ii) provision of consulting services in relation to organic vegetables research and development, plantation and sales in the PRC (the “**Organic Vegetables Consulting Services**”); and (iii) provision of financial institution intermediation services in the PRC (the “**Financial Institution Intermediation Services**”).

Business Review

Provision of Catering Services Business

During the nine months ended 31 December 2022, the Group’s Provision of Catering Services Business maintained its focus on serving a variety of cuisines under different brands to a diversified base of customer in Hong Kong. The Group has persevered to uphold its core value, “Value for Money”, through providing its customers with a boutique dining experience of delicious dishes, attentive services and a tranquil environment. During the three months ended 31 December 2022, the Provision of Catering Services Business has also commenced developing a new business of food and beverages trading, including but not limited to, wine. During both nine months ended 31 December 2022 and 2021, the operating results of our restaurants have been negatively impacted by the novel coronavirus pneumonia (COVID-19) (the “**COVID-19 Pandemic**”). Proportionate to number of confirmed cases in Hong Kong, stringent measures have been undertaken by the government in Hong Kong, including but not limited to, implementation of travel restrictions, several restrictions in relation to catering business and prohibition on group gathering, which has significantly disrupted the local economy, especially local food and beverage business. The “vaccine pass” arrangement and the tightening of social distancing measures upon the fifth wave of COVID-19 in Hong Kong since February 2022 led to a more challenging food and beverage business environment. We had also closed several restaurants due to the difficult business environment. As a result, the Company recorded a decrease in revenue and an increase in operating loss for our Provision of Catering Services Business for the nine months ended 31 December 2022 compared to that recorded for the nine months ended 31 December 2021. As there is a re-opening from COVID-19 in PRC and relax of its border control, we are cautiously optimistic and preparing to capture the potential recovery of Hong Kong tourism and food and beverages industry economy.

Organic Vegetables Consulting Services

During the nine months ended 31 December 2022, no revenue was recognised in this segment due to the COVID-19 Pandemic lockdown in Shanghai, which is the segment’s principle place of business, in the first quarter ended 30 June 2022. There has been a lack of opportunities because of such closure and the significant downturn of macroeconomy since then.

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. However, during the nine months ended 31 December 2022, this business has been significantly affected by the downturn of macro-economy and the heightening of risk appetite in the PRC and globally.

Financial Review

Revenue

During the nine months ended 31 December 2022, the Group's revenue was generated from (i) the provision of catering services in Hong Kong; and (ii) provision of financial institution intermediation services in the PRC. As at 31 December 2022, we had 4 (2021: 10) restaurants in Hong Kong and 6 restaurants (2021: 3) was closed or had been disposed of for the nine months ended 31 December 2022. The table below sets forth a breakdown of the Group's revenue generated by (i) Provision of Catering Services Business; (ii) provision of organic vegetables consulting services; and (iii) Provision of Financial Institution Intermediation Services, as a percentage of the total revenue during the nine months ended 31 December 2022 (and 2021 for comparison purpose).

	For the three months ended 31 December				For the nine months ended 31 December			
	2022		2021		2022		2021	
	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 (%)
Provision of Catering Services	15,969	91.8	32,098	85.5	40,117	86.4	117,958	81.2
Provision of organic vegetables consulting services	—	—	563	1.5	—	—	2,289	1.6
Provision of financial institution intermediation services	1,431	8.2	4,898	13.0	6,333	13.6	25,079	17.2
Total	17,400	100.0	37,559	100.0	46,450	100.0	145,326	100.0

Provision of Catering Services Business

The revenue generated from provision of catering services decreased by approximately HK\$77.8 million, or approximately 66.0%, from approximately HK\$118.0 million for the nine months ended 31 December 2021 to approximately HK\$40.2 million for the nine months ended 31 December 2022. Such decrease was mainly due to (i) the occurrence of the fifth wave of COVID-19 Pandemic in Hong Kong since February 2022; and (ii) the closure of Western style and Italian style restaurants of the Group during the last year and the nine months ended 31 December 2022.

Organic Vegetables Consulting Services

During the nine months ended 31 December 2022, no revenue was recognised in this segment due to the COVID-19 Pandemic lockdown in Shanghai, which is the segment's principle place of business, in the first quarter ended 30 June 2022. There has been a lack of opportunities because of such closure and the significant downturn of macroeconomy since then.

Provision of financial institution intermediation services

The revenue generated from provision of financial institution intermediation services by the Group was approximately HK\$6.3 million for the nine months ended 31 December 2022 (nine months ended 31 December 2021: HK\$25.1 million).

The decrease was resulted from the unfavourable macro-economic environment in the PRC, particularly with the gigantic loan default events in 2021 with lasting impacts up to the date of this report, which led to no new loans facilitated for the nine months ended 31 December 2022 compared to the corresponding period in 2021. While income from early redemption penalty and service charges may also adversely affect future post loan facilitation service fees and future guarantee service fees, fortunately during the 3 months ended 31 December 2022, there has been no early redemption.

Cost of sales and inventories consumed

Cost of sales and inventories consumed mainly represented the costs of food ingredients and beverages for the Provision of Catering Services Business for the nine months ended 31 December 2022. The major food ingredients purchased by the Group includes vegetable, meat, seafood, frozen food and wine. Cost of sales and inventories consumed is one of the major components of the Group's operating expenses which amounted to approximately HK\$13.8 million and HK\$28.7 million for the nine months ended 31 December 2022 and 2021, respectively, representing approximately 29.8% and 19.7% of the Group's total revenue for the corresponding period in 2022 and 2021. The decrease in cost of sales and inventories consumed at a lesser extent than the decline in revenue was mainly due to the initial investment for the commencement of our new food and beverages trading business.

Loan referral and guarantee expenses

Loan referral and guarantee expenses, which represents the costs of financial institution intermediation services, including customer service cost and third party guarantee fee, which amounted to approximately HK\$486,000 for the nine months ended 31 December 2022 (2021: HK\$14.9 million), representing approximately 7.7% (2021: 59.5%) of the Group's revenue generated from the financial institution intermediation business segment for the nine months ended 31 December 2022. The decrease is mainly attributable to the decrease in revenue generated from the decrease of upfront loan facilitation service fees and less new loan facilitated during the nine months ended 31 December 2022.

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 decreased by approximately HK\$26.5 million from approximately HK\$50.5 million to approximately HK\$24.0 million for the nine months ended 31 December 2021 and 2022, respectively. The decrease was mainly due to the closure of restaurants and the continuous streamlining of organizational structure in the PRC.

Rental and related expenses

Our rental and related expenses were mainly represented by lease of premises for the Group's restaurants operation and lease of office premises for the Group's PRC financial services operations. The amount decreased by HK\$3.6 million for the nine months ended 31 December 2022 compared to the amount for the nine months ended 31 December 2021. The decrease was mainly due to the closure of restaurants in the previous and current financial periods leading to reduced leased space.

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 2022 and 2021, the Group recognised other expenses of approximately HK\$13.9 million and HK\$24.7 million, respectively, representing approximately 30.0% and 17.0% of the Group's total revenue for the corresponding periods. The decrease in other expenses incurred in the current period was mainly due to the closure of restaurants, leading to reduction of such operating expenses.

Other gains/(losses), net

Other gains/losses, net mainly increased during the nine months ended 31 December 2022 due to an inclusion of government grants received for the nine months ended 31 December 2022, which were the fifth and sixth round of Anti-epidemic Fund measures received from the government of the Hong Kong Special Administrative Region by our restaurant business in Hong Kong. There was no similar measure of similar scale in place for the nine months ended 31 December 2021.

Finance income, net

Finance income mainly included interest income from contract asset.

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

The decrease in finance income, net is mainly due the decrease in the provision of financial intermediation services in a greater extent than the decrease in interest charge on leases.

Loss attributable to owners of the Company

Loss attributable to owners of the Company for the nine months ended 31 December 2022 was approximately HK\$18.6 million (2021: HK\$17.9 million). The loss attributable to owners of the Company was primarily attributable to the following factors:

- (i) the revenue and operating results of our restaurants have been severely affected by the fifth wave of COVID-19 Pandemic; and
- (ii) the closure of operating restaurants leading to reduction of revenue, whereas the unallocated fixed costs of the supporting departments can only be reduced at a lesser proportion.

However, the one-off government grants received from the fifth and sixth round of Anti-epidemic Fund, as well as our strategic streamlining of organizational structure in the PRC and restaurant portfolio help to alleviate and prevent the further increase in loss-making.

Rights Issue

On 28 April 2022, the Company proposed to implement the rights issue on the basis of three rights shares for every two shares at the subscription price of HK\$0.04 per rights share, to raise up to approximately HK\$48,600,000 (before expenses and if full subscription) by issuing up to 1,215,375,000 rights shares to the qualifying shareholders (the “**Rights Issue**”). The Rights Issue was approved by the shareholders of the Company at the extraordinary general meeting of the Company held on 15 August 2022.

As at 24 October 2022, such proposal was accepted in the amount of 234,990,908 rights shares representing approximately 19.3% of the total number of 1,215,375,000 rights shares available for subscription under the Rights Issue. As a result of the under-subscription of the rights shares and pursuant to the terms of the Underwriting Agreement, the Underwriter and its sub-underwriters, on a best effort basis, have procured subscribers to subscribe for 853,050,000 rights shares, representing approximately 70.2% of the total number of 1,215,375,000 rights shares available for subscription under the Rights Issue. After the subscribers’ subscription procured by the Underwriter and its sub-underwriters, together with the 234,990,908 rights shares subscribed, a total of 1,088,040,908 rights shares were subscribed and the Rights Issue was subscribed as to approximately 89.5% of the total number of 1,215,375,000 rights shares available for subscription under the Rights Issue.

The gross proceeds from the Rights Issue are approximately HK\$43.5 million and the net proceeds from the Rights Issue, after deducting all relevant expenses for the Rights Issue, are approximately HK\$41.5 million. The Company intends to apply the net proceeds from the Rights Issue for general corporate and working capital purposes, including but not limited to settling trade and other payables, staff salaries, rental expenses and other indebtedness in relation to the Group’s catering business.

For further details, please refer to the announcements of the Company dated 28 April 2022, 25 May 2022, 14 June 2022, 16 June 2022, 27 July 2022, 15 August 2022, 7 September 2022 and 31 October 2022; the circular of the Company dated 28 June 2022 and a prospectus of the Company dated 10 October 2022.

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 2022, 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. In addition, the Group also provides organic vegetables consulting services, financial institution intermediation services in the PRC and ventured into food and beverages trading business during the three months ended 31 December 2022.

As there is a re-opening from COVID-19 in PRC and relax of its border control, we have observed a change of atmosphere in Hong Kong retail industry and tourism industry, we are cautiously optimistic and preparing to capture the potential recovery of Hong Kong tourism and food and beverages industry economy.

The food and beverages trading business leveraged the Group's expertise and trades frozen food, wine etc and despite our short operation history, we have already secured high procurement volume customer such as one of the two supermarket giants in Hong Kong.

The Group's one-stop and professional financial service platform also 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.

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 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 2022, 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

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	407,600,000 (L)	21.47%
Ms. Li Qing Ni ("Ms. Li") ^{Note}	Interest in controlled corporation/ Corporate interest	407,600,000 (L)	21.47%

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

Save as disclosed above, as at 31 December 2022, 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 2022, 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	407,600,000 (L)	21.47%
Excel Precise International Limited ("Excel Precise") ^{Note}	Person having a security interest in shares/Others	407,600,000 (L)	21.47%
True Promise Investments Limited ("True Promise") ^{Note}	Interest in controlled corporation/Corporate interest	407,600,000 (L)	21.47%
Mr. Law Fei Shing ("Mr. Law") ^{Note}	Interest in controlled corporations/Corporate interest	407,600,000 (L)	21.47%
Mr. Wong Man Hin Max	Beneficial owner/Personal interest	361,550,000 (L)	19.05%
Mr. Tso Wai Kin Timothy	Beneficial owner/Personal interest	156,960,000 (L)	8.27%

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 2022, 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 2022 and no share options were granted, exercised or cancelled or lapsed under the Share Option Scheme during the nine months ended 31 December 2022.

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 2022.

DIRECTORS' INTERESTS IN CONTRACTS

During the nine months ended 31 December 2022, 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 2022, 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 2022.

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 Part 2 of Appendix 15 of the GEM Listing Rules (the "**CG Code**"), except for certain deviation as specified with considered reason for such deviation as explained below.

Under code provision C.2.1 of the CG Code, the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual.

During the nine months ended 31 December 2022, 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.

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 2022 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 2022 (nine months ended 31 December 2021: 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 2022.

EVENT AFTER REPORTING PERIOD

The Group does not have any material subsequent event after the nine months ended 31 December 2022 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, 14 February 2023

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.