



LIFE CONCEPTS

Life Concepts Holdings Limited

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

Stock Code: 8056

FIRST QUARTERLY REPORT 2023



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

The board of Directors (the “**Board**”) presents the unaudited condensed consolidated results of the Group for the three months ended 30 June 2023, together with the unaudited comparative figures for the corresponding period in 2022 as set out below.

FINANCIAL HIGHLIGHTS

- The Group’s revenue for the three months ended 30 June 2023 was approximately HK\$4.6 million, representing a decrease of approximately 71.7% when compared with that of the corresponding period in 2022.
- Loss attributable to owners of the Company for the three months ended 30 June 2023 was approximately HK\$8.2 million (three months ended 30 June 2022: HK\$4.2 million), representing an increase in loss of approximately 95.2% when compared with that of the corresponding period in 2022.
- The Board did not declare any dividend for the three months ended 30 June 2023 (three months ended 30 June 2022: Nil).

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 June 2023

	Notes	For the three months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	3	4,629	16,375
Cost of sales and inventories consumed		(3,721)	(2,896)
Loan referral and guarantee expenses		—	(896)
Employee benefit expenses		(4,460)	(9,589)
Depreciation of property, plant and equipment		(3,916)	(3,916)
Rental and related expenses		(455)	(419)
Utilities and consumables		(787)	(814)
Franchise and licensing fees		—	—
Government grants		—	2,390
Net impairment losses on financial instruments and contracts assets		—	(2,864)
Other expenses		(7)	(4,605)
Other gains, net		28	11
Finance income, net		703	2,039
Loss before income tax		(7,986)	(5,184)
Income tax credit/(expense)	4	(129)	353
Loss for the period		(8,115)	(4,831)
Other comprehensive loss			
Item that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		7	1,181
Total comprehensive loss for the period		(8,108)	(3,650)
Loss attributable to:			
Owners of the Company		(8,238)	(4,231)
Non-controlling interests		123	(600)
Loss for the period		(8,115)	(4,831)
Total comprehensive loss attributable to:			
Owners of the Company		(8,231)	(2,559)
Non-controlling interests		123	(1,091)
		(8,108)	(3,650)
Loss per share attributable to owners of the Company			
– Basic and diluted (HK cent)	6	(0.43)	(0.52)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three months ended 30 June 2023

	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
(Unaudited)								
At 1 April 2022	63,037	28,785	27,313	(1,743)	(237,317)	(119,925)	9,510	(110,415)
Loss for the period	—	—	—	—	(4,231)	(4,231)	(600)	(4,831)
Exchange differences arising on translation of foreign operations	—	—	—	1,672	—	1,672	(491)	1,181
Loss and total comprehensive expense recognised for the period	—	—	—	1,672	(4,231)	(2,559)	(1,091)	(3,650)
At 30 June 2022	63,037	28,785	27,313	(71)	(241,548)	(122,484)	8,419	(114,065)
(Unaudited)								
At 1 April 2023	14,791	—	27,313	634	(147,704)	(104,966)	5,151	(99,815)
Loss for the period	—	—	—	—	(8,238)	(8,238)	123	(8,115)
Exchange differences arising on translation of foreign operations	—	—	—	6	—	6	1	7
Loss and total comprehensive expense recognised for the period	—	—	—	6	(8,238)	(8,232)	124	(8,108)
At 30 June 2023	14,791	—	27,313	650	(155,942)	(113,198)	5,275	(107,923)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2023

1. GENERAL INFORMATION

Life Concepts Holdings Limited (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. Its registered office has been changed to Canon’s Court, 22 Victoria Street, Hamilton, HM 12, Bermuda, and its principal place of business is at Suite 1701-3, 17/F, Chinachem Hollywood Centre 1, 3, 5, 7, 9, 11 and 13 Hollywood Road, Central, Hong Kong.

The Company is an investment holding company and its subsidiaries (together, the “**Group**”) are principally engaged in (i) catering operations, including operation of restaurants and trading of food and beverages; (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. Prior to 11 October 2018, the ultimate controlling shareholders were Total Commitment Holdings Limited (“**Total Commitment (HK)**”), Ideal Winner Investments Limited, Minrish Limited (“**Minrish**”), Indo Gold Limited (“**Indo Gold**”) and Mr. Jugdish Johnny Uttamchandani (“**Mr. Uttamchandani**”) (hereinafter as the “**former controlling shareholders**”). On and after 11 October 2018, its immediate and ultimate holding company is Strong Day Holdings Limited, a company incorporated in the British Virgin Islands with limited liability.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These unaudited condensed consolidated financial statements for the three months ended 30 June 2023 have been prepared in accordance with the accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure provisions of Chapter 18 of the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated financial statements for the three months ended 30 June 2023 are consistent with those adopted in the preparation of audited consolidated financial statements included in the Company’s 2022/2023 annual report, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (the “**New and Revised HKFRSs**”) (which include all HKFRSs, Hong Kong Accounting Standards and Interpretations) issued by the HKICPA that are adopted for the first time for the current period’s financial statements.

The adoption of the New and Revised HKFRSs has had no significant effect on these unaudited condensed consolidated financial statements for the three months ended 30 June 2023 and there have been no significant changes to the accounting policies applied in these unaudited condensed consolidated financial statements for the three months ended 30 June 2023.

The Group has not applied new and revised standards, amendments or interpretations that have been issued but are not yet effective. The Group is currently assessing the impact of the adoption of such new and revised standards, amendments or interpretations to the Group but is yet to be in a position to state whether they would have any material financial impact on the Group’s results of operations and financial position.

These unaudited condensed consolidated financial statements for the three months ended 30 June 2023 have been prepared on the historical cost basis. These unaudited condensed consolidated financial statements for the three months ended 30 June 2023 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\$240,082,000 as at 30 June 2023 and incurred a net loss of approximately HK\$8,115,000 for the period then ended, the Directors are of the opinion that, after due and careful enquiry taking into account the internally generated funds available to the Group, the Group has, in the absence of unforeseeable circumstances, sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future.

Accordingly, the Directors believe that it is appropriate to prepare the unaudited condensed consolidated financial statements on a going concern basis without including any adjustments that would be required should the Group fails to continue as a going concern.

3. REVENUE

(i) Disaggregation of revenue from contracts with customers

	For the three months ended 30 June			
	2023		2022	
	Revenue (HK\$'000) (Unaudited)	% of total revenue (%)	Revenue (HK\$'000) (Unaudited)	% of total revenue (%)
Provision of Catering Services	3,132	67.7	13,189	80.5
Provision of organic vegetables consulting services and interior design and fitting-out service	—	—	—	—
Provision of financial institution intermediation services	1,496	32.3	3,186	19.5
Total	4,629	100.0	16,375	100.0

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

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

3. REVENUE (Continued)

(ii) Performance obligations for contracts with customers

Restaurants operations (revenue recognised at a point in time)

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

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

The Group provides interior design and fitting-out services to customers. Such services are recognized as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced.

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

Provision of organic vegetables consulting services (revenue recognised over time)

The Group provides consulting services in relation to organic vegetables research and development, plantation and sales. Revenue is recognised for such consulting services on a monthly basis based on a pre-determined percentage of customer's monthly revenue amount as agreed in contracts.

Provision of financial institutions intermediation services

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

The Group's services consist of:

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

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

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

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

4. INCOME TAX CREDIT/(EXPENSE)

	For the three months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Hong Kong Profits Tax	—	—
Deferred tax	129	353
	129	353

No provision for Hong Kong Profits Tax has been made for Hong Kong subsidiaries, as there was no estimated assessable profit during the three months ended 30 June 2023 (30 June 2022: Nil).

No provision for Enterprise Income Tax has been made for the People's Republic of China (the "PRC") subsidiaries, as there was no estimated assessable profit during the three months ended 30 June 2023 (30 June 2022: Nil).

Deferred tax credit of approximately HK\$129,000 for the three months ended 30 June 2023 (30 June 2022: HK\$353,000, expense) arose from the temporary differences in relation to amortisation of intangible assets and unrealised gains in Mainland China.

5. DIVIDEND

The Board has resolved not to declare any dividend for the three months ended 30 June 2023 (30 June 2022: Nil).

6. LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to the owners of the Company by the weighted average number of ordinary shares in issue for the relevant periods.

	For the three months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Loss attributable to owners of the Company (HK\$'000)	(8,238)	(4,231)
Weighted average number of ordinary shares in issue (thousands)	1,898,291	810,250
Basic loss per share (HK cent)	(0.43)	(0.52)

(b) Diluted

Diluted loss per share presented is the same as the basic loss per share as there was no potentially dilutive ordinary share outstanding as at 30 June 2023 and 2022.

For the three months ended 30 June 2023 and 2022, the diluted loss per share did not take into account the assumed exercise of the Company's outstanding share option since their exercise would result in a decrease in loss per share.

MANAGEMENT DISCUSSION AND ANALYSIS

During the three months ended 30 June 2023 and up to the date of this report, the Group has been principally engaged in (i) operating restaurant 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 three months ended 30 June 2023, the Group’s Provision of Catering Services Business maintained its focus on serving a variety of cuisines under different brands to a diversified customer base 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 30 June 2023, 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 three months ended 30 June 2022 and 2023, 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 for our Provision of Catering Services Business for the Year compared to that recorded for the three months ended 30 June 2022. 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.

To cope with the impact of the COVID-19 Pandemic, the Provision of Catering Services Business has kept maintaining our implemented 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 management of the Provision of Catering Services Business will continue to actively deal with the possible adverse impact of the COVID-19 Pandemic on our business operations. We will also continue to adhere to our professionalism and stick to the bottom line of every investment to protect the funds of our investors and strive to minimise the impact of the COVID-19 Pandemic.

Organic Vegetables Consulting Services

During the three months ended 30 June 2023, the business suffered operating loss of approximately HK\$16,000 as the size of such business of the Group is relatively small with a narrow base of customers at the moment, the business was yet to generate any revenue.

Financial Institution Intermediation Services

The Group has laid out a one-stop and professional financial services platform for financial practitioners and financial institutions based on the macro background of China's consistent policy of vigorously supporting small and medium-sized enterprises. Currently, the Group cooperates with financial practitioners and financial institutions to contact potential qualified borrowers through financial practitioners, and then the Group recommends potential qualified borrowers to financial institutions and facilitates both parties to enter into loan agreements, and the financial institutions provide loans to the borrowers.

During the three months ended 30 June 2023, this business has been significantly affected by the downturn of macro-economy and the heightening of risk appetite in the PRC and globally. As a result, no new loans to borrowers had been facilitated by the Group during the Period and profit of approximately HK\$388,000 had been generated during the three months ended 30 June 2023.

Financial Review

Revenue

During the three months ended 30 June 2023, the Group's revenue was generated from (i) the operation of restaurants in Hong Kong; and (ii) provision of financial institution intermediation services in the PRC. As at 30 June 2023, we had 2 (2022: 5) restaurants in Hong Kong and 3 restaurants (2022: 2) was closed or had been disposed of.

The Group served mainly two categories of cuisines during the three months ended 30 June 2023. The table below sets forth a breakdown of the Group's revenue generated by (i) operation of restaurants by type of cuisines; (ii) provision of interior design and fitting-out services; (iii) provision of organic vegetables consulting services; and (iv) provision of financial institution intermediation services, and as a percentage of the total revenue during the three months ended 30 June 2023 (and 2022 for comparison purpose).

	For the three months ended 30 June			
	2023		2022	
	Revenue (HK\$'000) (Unaudited)	% of total revenue (%)	Revenue (HK\$'000) (Unaudited)	% of total revenue (%)
Provision of Catering Services	3,132	67.7	13,189	80.5
Provision of organic vegetables consulting services and interior design and fitting-out service	—	—	—	—
Provision of financial institution intermediation services	1,496	32.3	3,186	19.5
Total	4,629	100.0	16,375	100.0

Provision of Catering Services Business

The revenue generated from provision of catering services decreased by approximately HK\$10.1 million, or approximately 77.1%, from approximately HK\$13.2 million for last year to approximately HK\$3.1 million for the Year. Such decrease was mainly due to (i) the occurrence of the fifth wave of COVID-19 Pandemic in Hong Kong.

Provision of organic vegetables consulting services

During the Year, no revenue was recognised in this segment as the size of such business of the Group is relatively small with a narrow base of customers at the moment. Besides, 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 2023, 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 Business

The revenue generated from provision of Financial Institution Intermediation Services by the Group was approximately HK\$1.4 million for the Period (2022: approximately HK\$3.2 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 Period. While income from early redemption penalty and service charges may also adversely affect future post loan facilitation service fees and future guarantee service fees.

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 Year. 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\$3.7 million and HK\$2.9 million for the Period and the Period ended 30 June 2022, respectively, representing approximately 80.4% and 17.7% of the Group's total revenue for the corresponding period in 2023 and 2022. The decrease in cost of sales and inventories consumed was due to the closure of restaurants during the Year.

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 HK\$0 for the Period (2022: HK\$896,000).

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\$5.1 million from approximately HK\$9.6 million to approximately HK\$4.5 million for last period and the current period, 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 depreciation expense in respect of right-of-use assets plus 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.

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 Period and last Period, the Group recognised other expenses of approximately HK\$7,000 and HK\$4.6 million, respectively, representing approximately 0.15% and 28.1% of the Group's total revenue for the corresponding periods. The decrease in other expenses incurred in the Period was mainly due to (i) the closure of restaurants leading to reduced cleaning and laundry expenses, repair and maintenance expense and other operating costs; and (ii) the cost control policy adopted by the Group to maintain the Group's competitiveness.

Other gains/(losses), net

During the Period, the Group recognised net other gains of approximately HK\$28,000 (2022: net other gains of approximately HK\$11,000). Since there was no early termination of lease contracts during the Period and hence no such income was recognised, leading to a decrease in net other gains.

Finance income, net

Finance income mainly included interest income from contract assets and loan receivables.

The finance income is offsetted by finance costs, which 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 for the Year is mainly caused by reduction in provision of Financial Institution Intermediation Services.

Loss attributable to owners of the Company

Loss attributable to owners of the Company for the Period was approximately HK\$8.2 million, while the loss attributable to owners of the Company for the period ended 30 June 2022 was approximately HK\$4.2 million.

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

- (i) The 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 our provision of Catering Services Business, comprising mainly cost of inventories consumed, employee benefit expenses, rental expenses and other operating expenses;

Which were offset by the following factor:

- (ii) A reduction of profit generated by our Financial Institution Intermediation Services during the Period compared to that generated during the year ended 30 June 2022.

Our management will continue to control costs in order to minimise the impact of such adverse factors on the Group.

OUTLOOK

Despite the keen competition and challenging operating environment in food and beverage industry in Hong Kong, the Group has emerged as one of the well-known restaurant chains in Hong Kong. During the three months ended 30 June 2023, the Group continued to maintain its focus on serving a variety of cuisines at varying prices under different brands to a diversified customer base in Hong Kong. As at 30 June 2023, the Group was operating 2 restaurants in Hong Kong.

The Group also provides, organic vegetables consulting services and financial institution intermediation services in the PRC.

Consulting services in relation to organic vegetables research and development, plantation and sales rely on the extensive managerial experience of the operating team and advanced patents and technologies. As living standards are rising, the demands towards quality of food ingredients are increasing, which could be a crucial component of the Group's business diversification and development.

The Group has established a one-stop and professional financial service platform with excellent performance for financial market practitioners. Small and micro enterprises, including their individual entrepreneurs and owners, are the major forces in absorbing employment, stimulating innovation, driving investment and promoting consumption, and are important contributors to the gross domestic product, national tax revenue and urban employment, but financing has always been a prominent problem limiting the development of small and micro enterprises. The financial service platform established by the Group helps to ease this problem. The Group will continue to observe the changes of business environment and government policies in this segment and adjust its business strategy in accordingly.

With the opportunities that comes with the end of COVID-19 Pandemic, the Group will take opportunities to continue to invest in and develop new business.

DISCLOSURE OF ADDITIONAL INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2023, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to the required standard of dealings by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions

(a) Shares in the Company:

Name of Directors	Capacity/Nature of interests	No. of shares and underlying shares	Approximate percentage of shareholding
Mr. James Fu Bin Lu ("Mr. James Lu") ^{Note} (resigned on 12 July 2023)	Interest of spouse/Family interest	285,095,000(L)	15.02%
Ms. Li Qing Ni ("Ms. Li") ^{Note} (resigned on 12 July 2023)	Interest in controlled corporation/ Corporate interest	285,095,000(L)	15.02%

Note: These shares of the Company are held by Strong Day Holdings Limited ("Strong Day"). Strong Day is 29.90% owned by Ms. Li, an executive Director and the spouse of Mr. James Lu. By virtue of the SFO, Ms. Li is deemed to be interested in the shares of the Company held by Strong Day and Mr. James Lu, the spouse of Ms. Li, is deemed to be interested in the shares deemed to be held by Ms. Li. Mr. James Lu is also a director of Strong Day.

(L) Long position

(b) Shares in associated corporation of the Company:

Name of Director	Name of associated corporation	Capacity/ Nature of interest	No. of shares and underlying shares	Approximate percentage of shareholding
Ms. Li (resigned on 12 July 2023)	Strong Day	Beneficial owner/ Personal interest	299	29.90%

Save as disclosed above, as at 30 June 2023, none of the Directors and the 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 SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2023, the interests and short positions of substantial shareholders and other persons (not being a Director or the chief executive of the Company) in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Long positions of the shares of the Company:

Name	Capacity/Nature of interests	No. of shares	Approximate percentage of shareholding
Strong Day ^{Note}	Beneficial owner/Personal interest	285,095,000(L)	15.02%
Excel Precise International Limited ("Excel Precise") ^{Note}	Person having a security interest in shares/Others	285,095,000(L)	15.02%
True Promise Investments Limited ("True Promise") ^{Note}	Interest in controlled corporation/Corporate interest	285,095,000(L)	15.02%
Mr. Law Fei Shing ("Mr. Law") ^{Note}	Interest in controlled corporation/Corporate interest	285,095,000(L)	15.02%

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

(L) Long position

Save as disclosed above, as at 30 June 2023, so far as it was known by or otherwise notified to the Directors or the chief executive of the Company, no other corporations which or persons who (other than a Director or the chief executive of the Company) had interest or short positions in the shares and the underlying shares of the Company, which/who would notified to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

Share Option Scheme

The Share Option Scheme was approved by the shareholders of the Company (the "Shareholders") on 14 July 2016 for attracting and retaining the best available personnel of our Group, and providing incentives or rewards to eligible persons of the Group for their contribution to the success of the Group's business.

During the three months ended 30 June 2023, no share options were granted, exercised or cancelled or lapsed under the Share Option Scheme and there was no share option outstanding as at 30 June 2023.

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

The Company did not redeem any of the shares of the Company listed on GEM nor did the Company or any of its subsidiaries purchase or sell any such shares of the Company during the three months ended 30 June 2023.

DIRECTORS' INTERESTS IN CONTRACTS

During the three months ended 30 June 2023, 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.

COMPETING INTEREST

During the three months ended 30 June 2023, none of the Directors or substantial shareholders of the Company or any of their respective close associates (as defined in the GEM Listing Rules) has engaged in any business that competed or might compete with the business of the Group, or have any other conflict of interests with the Group, as required to be disclosed under Rule 11.04 of the GEM Listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted the required standard of dealings in the securities (the "**Required Standard of Dealings**") as contained in Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct for dealings in the securities of the Company by the Directors. Having made specific enquiries by the Company, all the Directors have confirmed that they had complied with the Required Standard of Dealings during the three months ended 30 June 2023.

COMPLIANCE WITH THE 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 to 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 separated and should not be performed by the same individual.

During the three months ended 30 June 2023 and up to the date of this report, the Company has not separated the roles of chairman and chief executive officer of the Company. During the three months ended 30 June 2023, Mr. James Fu Bin Lu is the chairman and also the chief executive officer of the Company and he has resigned as the chairman and the chief executive officer of the Company with effect from 12 July 2023. From 12 July 2023 to the date of this report, Mr. Xu Qiang is the chairman and also the chief executive officer of the Company. The Board believes that vesting the roles of both the chairman of the Board and the chief executive officer in the same person provides the Company with strong and consistent leadership, and allows for effective and efficient planning and implementation of business decisions and strategies. The Board considers that the structure currently operated by the Company does not undermine the balance of power and authority between the Board and the management as the decisions of the Board are made collectively by way of voting and therefore the chairman of the Board should not be able to monopolize the voting result. The Board shall nevertheless review the structure from time to time to ensure appropriate move is being taken should suitable circumstances arise.

AUDIT COMMITTEE

Pursuant to Rule 5.28 of the GEM Listing Rules, the Board has established an Audit Committee with written terms of reference aligned with the provision of the code provisions set out in the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures of the Group. As at the date of this report, the Audit Committee comprises Mr. Hui Hung Kwan (chairman of the Audit Committee), Mr. Bian Hongjiang and Mr. Chen Wenrui, all of whom are independent non-executive Directors.

The unaudited condensed consolidated results of the Group for the three months ended 30 June 2023 and this report of the Company have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results and report complied with the applicable accounting standards, the GEM Listing Rules and legal requirements and that adequate disclosures have been made.

DIVIDEND

The Board has resolved not to declare any dividend for the three months ended 30 June 2023 (three months ended 30 June 2022: Nil).

MATERIAL ACQUISITION AND DISPOSAL

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the three months ended 30 June 2023.

EVENT AFTER REPORTING PERIOD

1. Resignation of executive Director; change of compliance officer and composition of the remuneration committee; appointment of executive Director; change of chairman, chief executive officer and chairman of the nomination committee

Mr. Long Hai (“**Mr. Long**”) has resigned as an executive Director and compliance officer of the Company under Rule 5.19 of the GEM Listing Rules of the Stock Exchange with effect from 3 July 2023. Following the resignation of Mr. Long, Mr. Long ceased to be a member of the remuneration committee of the Company with effect from 3 July 2023. Mr. Yu Qinglong (“**Mr. Yu**”), an executive Director, has been appointed as the compliance officer with effect from 3 July 2023.

Mr. Xu Qiang (“**Mr. Xu**”) has been appointed as an executive Director with effect from 3 July 2023.

Mr. James Fu Bin Lu (“**Mr. James Lu**”) has resigned as the chairman of the Board, chief executive officer (“**CEO**”) of the Company and the chairman of nomination committee (“**Nomination Committee**”) of the Company with effect from 3 July 2023. Mr. James Lu will continue to serve as an executive Director after his resignation as the chairman, the CEO and the chairman of the Nomination Committee. Following the resignation of Mr. James Lu as the chairman, the CEO and the chairman of the Nomination Committee, Mr. Xu is appointed as the chairman, the CEO and the chairman of the Nomination Committee with effect from 3 July 2023.

For further details, please refer to the announcement of the Company dated 3 July 2023.

2. Resignation of executive Directors and independent non-executive directors; change of authorized representative; change of composition of board committees and non-compliance with GEM Listing Rules

Mr. James Lu has resigned as an executive Director and ceased to act as an authorized representative of the Company pursuant to Rule 5.24 of the GEM Listing Rules of the Stock Exchange with effect from 12 July 2023.

Ms. Li Qing Ni (“**Ms. Li**”) has resigned as an executive Director with effect from 12 July 2023.

Mr. Lu Cheng (“**Mr. Lu**”) has resigned as an independent non-executive Director, the chairman of the remuneration committee (“**Remuneration Committee**”) and a member of each of the audit committee (“**Audit Committee**”) and Nomination Committee of the Company with effect from 12 July 2023.

Mr. Shi Kangping (“**Mr. Shi**”) has resigned as an independent non-executive Director, the chairman of the Audit Committee and a member of the Nomination Committee of the Company with effect from 12 July 2023.

Mr. Kim Jin Tae (“**Mr. Kim**”) has resigned as an independent non-executive Director, a member of each of the Audit Committee and the Remuneration Committee of the Company with effect from 12 July 2023.

Following the resignation of Mr. James Lu, Mr. Xu, an executive Director, has been appointed as the authorised representative with effect from 12 July 2023.

Immediately after the resignation of Mr. James Lu, Ms. Li, Mr. Lu, Mr. Shi and Mr. Kim, the Company has not complied with the requirements set out in Rules 5.05(1), 5.05(A), 5.05(2), 5.28, 5.34, 5.35 and 5.36A of the GEM Listing Rules and terms of reference of Audit Committee, Remuneration Committee and Nomination Committee.

For further details, please refer to the announcement of the Company dated 12 July 2023.

3. Appointment of executive Directors; appointment of independent non-executive Directors; change of composition of Board Committees and compliance with GEM Listing Rules

Mr. Liu Guowei and Ms. Li Junping has been appointed as an executive Director with effect from 4 August 2023.

Mr. Hui Hung Kwan (“**Mr. Hui**”) has appointed as an independent non-executive Director, the chairman of the Audit Committee, a member of each of the Remuneration Committee and the Nomination Committee of the Company with effect from 4 August 2023.

Mr. Bian Hongjiang (“**Mr. Bian**”) has been appointed as an independent non-executive Director, the chairman of the Remuneration Committee, a member of each of the Audit Committee and Nomination Committee of the Company with effect from 4 August 2023.

Mr. Chen Wenrui (“**Mr. Chen**”) has appointed as an independent non-executive Director, a member of each of the Audit Committee, Remuneration Committee and Nomination Committee of the Company with effect from 4 August 2023.

Following the appointment of Mr. Hui, Mr. Bian and Mr. Chen, the Company has re-complied with the requirements set out in Rules 5.05(1), 5.05A, 5.05(2), 5.28, 5.34, 5.35 and 5.36A of the GEM Listing Rules and terms of reference of the Audit Committee, Remuneration Committee and Nomination Committee.

For further details, please refer to the announcement of the Company dated 4 August 2023.

4. Haircut arrangement with creditor

On 3 August 2023, the Company announced that, Welly Charm Limited, a creditor of the Company, for which the Company owed it HK\$70,000,000 (“the Debts”), has entered into a confirmation deed with the Company to adjust the Debts by a hair cut amount of HK\$10.0 million and the due date of the Debts shall be extended for one year to 31 August 2025.

For details, please refer to the announcements of the Company dated 21 July 2023 and 3 August 2023.

Save for the above, the Group does not have any material subsequent event after the three months ended 30 June 2023 and up to the date of this report.

By order of the Board
Life Concepts Holdings Limited
Xu Qiang
Chairman, Chief executive officer and executive Director

Hong Kong, 11 August 2023

As at the date of this report, the Board comprises Mr. Xu Qiang (Chairman and Chief Executive Officer), Mr. Yu Qinglong, Mr. Liu Guowei and Ms. Li Junping as executive Directors; and Mr. Hui Hung Kwan, Mr. Bian Hongjiang and Mr. Chen Wenrui as independent non-executive Directors.