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Hong Kong Life Sciences and Technologies Group Limited

香港生命科學技術集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8085)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the “**Directors**”) of Hong Kong Life Sciences and Technologies Group Limited (the “**Company**”) 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 announcement 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 announcement misleading.*

INTERIM RESULTS

The board of Directors (the “**Board**”) hereby submits the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the three months and six months ended 30 September 2019, together with the unaudited comparative figures for the corresponding period in 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three and six months ended 30 September 2019

	Note	Three months ended 30 September		Six months ended 30 September	
		2019 Unaudited HK\$'000	2018 Unaudited HK\$'000	2019 Unaudited HK\$'000	2018 Unaudited HK\$'000
Revenue	4	42,063	6,507	85,421	13,036
Cost of sales		<u>(37,290)</u>	<u>–</u>	<u>(75,893)</u>	<u>(30)</u>
Gross profit		4,773	6,507	9,528	13,006
(Loss)/gain on held-for-trading investments		(220)	(549)	(458)	178
Other income	4	50	1	345	1
Gain on disposal of assets and liabilities classified as held-for-sale	5	–	–	3,667	–
Administrative and other operating expenses		(10,661)	(7,943)	(21,773)	(16,153)
Reversal of impairment loss on loan receivables and loan interest receivables		–	1,902	–	7,430
Impairment loss on loan receivables, loan interest receivables and trade receivables		(5,164)	(784)	(5,164)	(784)
Finance costs		<u>(774)</u>	<u>–</u>	<u>(1,588)</u>	<u>–</u>
(Loss)/profit before tax	6	(11,996)	(866)	(15,443)	3,678
Income tax expense	7	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
(Loss)/profit for the period		(11,996)	(866)	(15,443)	3,678
Other comprehensive (expenses)/income:					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange difference arising on translation of foreign operations		<u>(962)</u>	<u>(1,549)</u>	<u>(2,124)</u>	<u>(3,512)</u>
Total comprehensive (expenses)/income for the period		<u>(12,958)</u>	<u>(2,415)</u>	<u>(17,567)</u>	<u>166</u>

	Three months ended 30 September		Six months ended 30 September	
	2019	2018	2019	2018
	Unaudited	Unaudited	Unaudited	Unaudited
Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Loss)/profit for the period attributable to:				
— owners of the Company	(11,993)	(855)	(15,434)	3,704
— non-controlling interests	<u>(3)</u>	<u>(11)</u>	<u>(9)</u>	<u>(26)</u>
	<u>(11,996)</u>	<u>(866)</u>	<u>(15,443)</u>	<u>3,678</u>
Total comprehensive (expenses)/income for the period attributable to:				
— owners of the Company	(12,955)	(2,404)	(17,558)	192
— non-controlling interests	<u>(3)</u>	<u>(11)</u>	<u>(9)</u>	<u>(26)</u>
	<u>(12,958)</u>	<u>(2,415)</u>	<u>(17,567)</u>	<u>166</u>
(Loss)/earnings per share:				
Basic and diluted (<i>HK cents</i>)	9			
	<u>(0.21)</u>	<u>0.02</u>	<u>(0.27)</u>	<u>0.06</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 September 2019 Unaudited HK\$'000	As at 31 March 2019 Audited HK\$'000
	<i>Note</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	10	16,767	1,818
Investment properties	10	45,000	45,000
Lease assets		30,472	–
Deposit paid for acquisition of property, plant and equipment		1,676	3,482
Rental deposit		2,243	2,139
		96,158	52,439
TOTAL NON-CURRENT ASSETS			
CURRENT ASSETS			
Inventories		2,210	117
Trade and other receivables	11	156,526	159,789
Held-for-trading investments		384	842
Tax in advance		8	9
Cash and bank balances		52,589	79,844
Assets classified as held-for-sale		–	746
		211,717	241,347
TOTAL CURRENT ASSETS			
CURRENT LIABILITIES			
Trade and other payables	12	42,899	39,260
Lease liabilities		4,874	–
Contract liabilities		475	489
Liabilities classified as held-for-sale		–	2,377
		48,248	42,126
TOTAL CURRENT LIABILITIES			
NET CURRENT ASSETS			
		163,469	199,221
NON-CURRENT LIABILITIES			
Lease liabilities		25,796	–
		25,796	–
TOTAL NON-CURRENT LIABILITIES			
NET ASSETS			
		233,831	251,660
CAPITAL AND RESERVES			
Share capital	13	227,536	227,536
Reserves		52,663	70,483
		280,199	298,019
Equity attributable to the owners of the Company		280,199	298,019
Non-controlling interests		(46,368)	(46,359)
		233,831	251,660
TOTAL EQUITY			

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company					Total Unaudited HK\$'000	Non- controlling interests Unaudited HK\$'000	Total equity Unaudited HK\$'000
	Share capital Unaudited HK\$'000	Share premium Unaudited HK\$'000	Special reserve Unaudited HK\$'000	Translation reserve Unaudited HK\$'000	Accumulated losses Unaudited HK\$'000			
At 1 April 2018 (Audited)	227,536	675,345	(39,998)	(721)	(526,672)	335,490	(46,327)	289,163
Initial application of HKFRS9	-	-	-	-	(11,680)	(11,680)	-	(11,680)
Adjusted balance at 1 April 2018 (Audited)	227,536	675,345	(39,998)	(721)	(538,352)	323,810	(46,327)	277,483
Profit for the period	-	-	-	-	3,704	3,704	(26)	3,678
Exchange differences arising on translation of foreign operations	-	-	-	(3,512)	-	(3,512)	-	(3,512)
Total comprehensive (expense)/income for the period	-	-	-	(3,512)	3,704	192	(26)	166
At 30 September 2018	<u>227,536</u>	<u>675,345</u>	<u>(39,998)</u>	<u>(4,233)</u>	<u>(534,648)</u>	<u>324,002</u>	<u>(46,353)</u>	<u>277,649</u>
At 1 April 2019	<u>227,536</u>	<u>675,345</u>	<u>(39,998)</u>	<u>(3,272)</u>	<u>(561,592)</u>	<u>298,019</u>	<u>(46,359)</u>	<u>251,660</u>
Initial application of HKFRS16	-	-	-	-	(262)	(262)	-	(262)
Adjusted balance at 1 April 2019	<u>227,536</u>	<u>675,345</u>	<u>(39,998)</u>	<u>(3,272)</u>	<u>(561,854)</u>	<u>297,757</u>	<u>(46,359)</u>	<u>251,398</u>
Loss for the period	-	-	-	-	(15,434)	(15,434)	(9)	(15,443)
Exchange differences arising on translation of foreign operations	-	-	-	(2,124)	-	(2,124)	-	(2,124)
Total comprehensive (expense)/income for the period	-	-	-	(2,124)	(15,434)	(17,558)	(9)	(17,567)
At 30 September 2019	<u>227,536</u>	<u>675,345</u>	<u>(39,998)</u>	<u>(5,396)</u>	<u>(577,288)</u>	<u>280,199</u>	<u>(46,368)</u>	<u>233,831</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended	
	30 September	
	2019	2018
	Unaudited	Unaudited
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash (used in)/generated from:		
Operating activities	(10,977)	(3,508)
Investing activities	(11,859)	(55)
Financing activities	(4,229)	–
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(27,065)	(3,563)
Cash and cash equivalents at the beginning of the period	79,844	94,284
Effect of foreign exchange rate changes	(190)	186
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	52,589	90,907
	<hr/> <hr/>	<hr/> <hr/>
Analysis of cash and cash equivalents		
Cash and bank balances	52,589	90,907
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS:

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 30 October 2000 as an exempted company with limited liability under the Companies Law (Revised) of the Cayman Islands and its shares are listed on GEM of the Stock Exchange since 7 March 2002.

The Company is an investment holding company. During the reporting period, the Group is principally engaged in (i) anti-aging and stem cell technology businesses; (ii) trading business; (iii) money lending business; and (iv) securities investment business.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited consolidated financial statements have been prepared in accordance with the disclosure requirements of the GEM Listing Rules.

The principal accounting policies used in the preparation of these unaudited consolidated financial statements are consistent with those applied in the preparation of the Group's annual financial statements for the year ended 31 March 2019 except in relation to the new and revised Hong Kong Financial Reporting Standards, ("**HKFRSs**", which include Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants that are adopted for the first time for the current period's financial information. The adoption of these new and revised HKFRSs has no significant effect on these financial statements.

The Group has applied for the first time in the current period as described below.

HKFRS 16 Leases

HKFRS 16 superseded HKAS 17 Leases and the related interpretations. With regards to lessee accounting, the distinction of operating leases and finance leases, as required by HKAS 17, has been replaced by a model which requires a right-of-use asset and a corresponding liability to be recognised for all leases by lessees except for short-term leases and leases of low value assets.

Specifically, the right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the date of the commencement of the lease. Subsequently, the lease liability is adjusted for interest and lease payments.

The Group has applied the modified retrospective approach for the adoption of HKFRS 16 and recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2019 and did not restate the comparative information. On adoption of HKFRS 16, the opening balances of lease liabilities and the corresponding right-of-use assets have been adjusted to HK\$33,311,000 and HK\$34,257,000 respectively and the weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 10%.

The carrying amount of right-of-use assets as at 1 April 2019 comprises the following:

	<i>HK\$'000</i>
Right-of-use assets relating to operating leases recognised upon initial application of HKFRS 16	34,257
Right-of-use assets as at 1 April 2019	<u>34,257</u>

The reconciliation of operating lease commitment to lease liabilities is set out below:

	<i>HK\$'000</i>
Operating lease commitments as at 31 March 2019	46,962
Lease liabilities discounted at relevant incremental borrowing rate at the date of initial application	(10,265)
Low value leases accounted for as expense using the straight-line basis	<u>(3,386)</u>
Lease liabilities as at 1 April 2019	<u>33,311</u>
Analysed as:	
Current	5,441
Non-current	<u>27,870</u>
	<u>33,311</u>

Save for the above, the adoption of the new and revised HKFRSs has no significant effect on these financial statements. The Group has not applied the new HKFRSs that have been issued but are not yet effective.

3. SEGMENT INFORMATION

The Group's operating segment information is based on the internal reports that are regularly reviewed by the chief operating decision maker, chief executive officer of the Company, for the purpose of allocating resources to, assessing the performance of, of the Group's various lines of business and geographical locations.

During the period, the Group's operating and reportable segments under HKFRS 8 are as follows:

- (i) anti-aging and stem cell technology businesses;
- (ii) trading business;
- (iii) money lending business; and
- (iv) securities investment business.

Information regarding the above segments for the six months ended 30 September 2019 and 2018 are as follows:

(a) Segment revenues and results

For the six months ended 30 September 2019	Anti-aging and stem cell technology businesses Unaudited HK\$'000	Trading business Unaudited HK\$'000	Money lending business Unaudited HK\$'000	Securities investment business Unaudited HK\$'000	Total Unaudited HK\$'000
Revenue from external customers	<u>60</u>	<u>77,239</u>	<u>8,122</u>	<u>–</u>	<u>85,421</u>
Segments results	<u>(15,177)</u>	<u>63</u>	<u>7,449</u>	<u>(458)</u>	<u>(8,123)</u>
Gain on disposal of assets and liabilities classified as held-for-sale					3,667
Impairment loss on loan receivables and loan interest receivables					(5,164)
Unallocated corporate income					–
Unallocated corporate expenses					<u>(5,823)</u>
Loss before tax					<u><u>(15,443)</u></u>
For the six months ended 30 September 2018	Anti-aging and stem cell technology businesses Unaudited HK\$'000	Trading business Unaudited HK\$'000	Money lending business Unaudited HK\$'000	Securities investment business Unaudited HK\$'000	Total Unaudited HK\$'000
Revenue from external customers	<u>2,143</u>	<u>–</u>	<u>10,893</u>	<u>–</u>	<u>13,036</u>
Segments results	<u>(5,658)</u>	<u>(1,423)</u>	<u>10,076</u>	<u>178</u>	<u>3,173</u>
Reversal of impairment loss on loan receivables and loan interest receivables					7,430
Impairment loss on loan receivables, loan interest receivables and trade receivables					(784)
Unallocated corporate income					–
Unallocated corporate expenses					<u>(6,141)</u>
Profit before tax					<u><u>3,678</u></u>

(b) Segment assets and liabilities

As at 30 September 2019	Anti-aging and stem cell technology businesses Unaudited <i>HK\$'000</i>	Trading business Unaudited <i>HK\$'000</i>	Money lending business Unaudited <i>HK\$'000</i>	Securities investment business Unaudited <i>HK\$'000</i>	Total Unaudited <i>HK\$'000</i>
Segment assets	56,613	42,080	128,486	384	227,563
Unallocated assets					<u>80,312</u>
Consolidated assets					<u><u>307,875</u></u>
Segment liabilities	70,520	2,049	365	–	72,934
Unallocated liabilities					<u>1,110</u>
Consolidated liabilities					<u><u>74,044</u></u>
As at 31 March 2019	Anti-aging and stem cell technology businesses Unaudited <i>HK\$'000</i>	Trading business Unaudited <i>HK\$'000</i>	Money lending business Unaudited <i>HK\$'000</i>	Securities investment business Unaudited <i>HK\$'000</i>	Total Unaudited <i>HK\$'000</i>
Segment assets	14,679	38,028	134,995	842	188,544
Unallocated assets					<u>105,242</u>
Consolidated assets					<u><u>293,786</u></u>
Segment liabilities	38,434	1,026	909	–	40,369
Unallocated liabilities					<u>1,757</u>
Consolidated liabilities					<u><u>42,126</u></u>

(c) Geographical information

The Group operates in the People's Republic of China (excluding Hong Kong) ("PRC") and Hong Kong. The following is an analysis of the revenue from external customers by location of operation:

	Revenue from external customers for the six months ended 30 September	
	2019 Unaudited <i>HK\$'000</i>	2018 Unaudited <i>HK\$'000</i>
Hong Kong	9,103	11,143
PRC	<u>76,318</u>	<u>1,893</u>
	<u><u>85,421</u></u>	<u><u>13,036</u></u>

4. REVENUE AND OTHER INCOME

	Three months ended 30 September		Six months ended 30 September	
	2019 Unaudited HK\$'000	2018 Unaudited HK\$'000	2019 Unaudited HK\$'000	2018 Unaudited HK\$'000
Revenue				
Anti-aging and stem cell technology businesses	–	855	60	2,143
Trading business	37,950	–	77,239	–
Money lending business	4,113	5,652	8,122	10,893
	<u>42,063</u>	<u>6,507</u>	<u>85,421</u>	<u>13,036</u>
Other income				
Interest income	1	1	2	1
Imputed interest income on non-current rental deposit	52	–	104	–
Gain on disposal of property, plant and equipment	–	–	43	–
Sundry income	(3)	–	196	–
	<u>50</u>	<u>1</u>	<u>345</u>	<u>1</u>

5. GAIN ON DISPOSAL OF ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE

On 5 May 2019, the Group entered into the equity transfer agreement with an independent third party to dispose of 100% of the equity interest (the “Disposal”) in 深圳盛力會生物科技有限公司 (Shenzhen Shenglihui Bio-technology Company Limited) (the “Disposed Company”), an indirect wholly-owned subsidiary of the Company, for a total consideration of approximately RMB1.6 million (equivalents to HK\$1.8 million). All the conditions of the equity transfer agreement had been fulfilled and the completion took place on 6 May 2019. The details of gain on Disposal were as follows:

	At 6 May 2019 (Unaudited) HK\$'000
Net assets/(liabilities) disposed of	
Assets classified as held-for sale	713
Liabilities classified as held-for-sale	<u>(2,357)</u>
Net liabilities	(1,644)
Release of translation reserve upon Disposal	(217)
Gain on disposal of assets and liabilities classified as held-for-sale	<u>3,667</u>
Consideration received:	
Cash	<u>1,806</u>
Net cash inflow arising on Disposal:	
Total cash consideration	1,806
Less: cash and bank balances	<u>(12)</u>
	<u>1,794</u>

6. (LOSS)/PROFIT BEFORE TAX

The (loss)/profit before tax has been arrived after charging/(crediting):

	Three months ended 30 September		Six months ended 30 September	
	2019 Unaudited HK\$'000	2018 Unaudited HK\$'000	2019 Unaudited HK\$'000	2018 Unaudited HK\$'000
Staff costs (including Directors' emoluments)				
— salaries and allowance	4,179	2,734	7,853	5,659
— contributions of defined contributions retirement benefits schemes	102	165	200	226
	<u>4,281</u>	<u>2,899</u>	<u>8,053</u>	<u>5,885</u>
Depreciation of property, plant and equipment	441	297	719	663
Depreciation of lease assets	1,887	—	3,780	—
Reversal of impairment loss on loan receivables and loan interest receivables	—	(1,902)	—	(7,430)
Impairment loss on loan receivables, loan interest receivables and trade receivables	5,164	784	5,164	784
Operating lease rentals in respect of rented premises	1,417	2,811	2,834	5,591
	<u>1,417</u>	<u>2,811</u>	<u>2,834</u>	<u>5,591</u>

7. INCOME TAX EXPENSE

	Three months ended 30 September		Six months ended 30 September	
	2019 Unaudited HK\$'000	2018 Unaudited HK\$'000	2019 Unaudited HK\$'000	2018 Unaudited HK\$'000
Current tax				
Hong Kong	—	—	—	—
PRC enterprise income tax	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

Hong Kong profits tax is calculated at the rate of 8.25% (2018: 8.25%) on estimated assessable profits up to HK\$2,000,000 and 16.5% (2018: 16.5%) on only part of estimated assessable profits over HK\$2,000,000 arising or derived from Hong Kong. Hong Kong profits tax has not been provided as the Group had no assessable profits for the period (2018: Nil).

PRC enterprise income tax on the profits arising in the PRC has been provided on the estimated assessable profits at the rates prevailing in the PRC.

No deferred tax has been recognised for the period due to the temporary differences which will result in a liability to be payable in the foreseeable future are immaterial.

8. DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2019 (2018: Nil).

9. (LOSS)/EARNINGS PER SHARE

The calculation of basic and diluted (loss)/earnings per share is based on the following data:

	Three months ended 30 September		Six months ended 30 September	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
(Loss)/earnings for the period attributable to the owners of the Company	<u>(11,993)</u>	<u>(855)</u>	<u>(15,434)</u>	<u>3,704</u>
Weighted average number of ordinary shares in issue	<u>5,688,396,805</u>	<u>5,688,396,805</u>	<u>5,688,396,805</u>	<u>5,688,396,805</u>

For the six months ended 30 September 2019 and 2018, the Company did not have any potential ordinary shares. Diluted (loss)/earnings per share was the same as the basic (loss)/earnings per share as there are no dilutive potential ordinary shares for the six months ended 30 September 2019 and 2018.

10. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the six months ended 30 September 2019, the Group acquired items of property, plant and equipment of approximately HK\$15.5 million (2018: HK\$56,000) and disposed of property, plant and equipment of approximately HK\$14,000 (2018: Nil) and did not acquire or dispose of any investment properties (2018: Nil).

11. TRADE AND OTHER RECEIVABLES

	30 September 2019 Unaudited HK\$'000	31 March 2019 Audited HK\$'000
Trade receivables (<i>Note a</i>)	37,133	37,235
Loan interest receivables (<i>Note b</i>)	10,478	5,446
Deposits and prepayments	4,159	4,919
Loan receivables (<i>Note c</i>)	104,749	112,184
Other receivables	<u>7</u>	<u>5</u>
	<u>156,526</u>	<u>159,789</u>

(a) Trade receivables

The Group offers credit terms to customers ranging from cash on delivery to 90 days. The analysis of trade receivables by age, presented based on the invoice date, is as follows:

	30 September 2019 Unaudited HK\$'000	31 March 2019 Audited HK\$'000
0–30 days	37,488	37,986
31–60 days	–	–
Over 60 days	<u>982</u>	<u>586</u>
Total trade receivables	38,470	38,572
Less: accumulated impairment losses	<u>(1,337)</u>	<u>(1,337)</u>
Total trade receivables, net of impairment losses	<u>37,133</u>	<u>37,235</u>

(b) Loan interest receivables

The analysis of loan interest receivables by age, resented based on the contractual due date, is as follows:

	30 September 2019 Unaudited HK\$'000	31 March 2019 Audited HK\$'000
0–30 days	10,421	6,084
31–60 days	–	–
Over 60 days	<u>3,962</u>	<u>2,595</u>
Gross loan interest receivables	14,383	8,679
Less: accumulated impairment losses	<u>(3,905)</u>	<u>(3,233)</u>
Loan interest receivables, net of impairment losses	<u>10,478</u>	<u>5,446</u>

(c) **Loan receivables**

The analysis of loan receivables by age, presented based on the contractual due date, is as follows:

	30 September 2019 Unaudited HK\$'000	31 March 2019 Audited HK\$'000
Current (not past due)	81,149	154,620
1 to 60 days past due	26,958	–
61–90 days past due	9,000	–
Over 90 days past due	90,898	56,328
	<hr/>	<hr/>
Gross loan receivables	208,005	210,948
Less: accumulated impairment loss	(103,256)	(98,764)
	<hr/>	<hr/>
Loan receivables, net of impairment losses	104,749	112,184
	<hr/> <hr/>	<hr/> <hr/>

As at 30 September 2019 and 31 March 2019, loan receivables bore interest at the fixed rates of 10% to 14% per annum and are repayable within 12 months. All loan receivables were unsecured. The Directors assessed the collectability of loans receivables from time to time individually with reference to borrowers' historical default experience, background and various external sources of information.

12. TRADE AND OTHER PAYABLES

	30 September 2019 Unaudited HK\$'000	31 March 2019 Audited HK\$'000
Trade payables by age presented based on the invoice date:		
0–30 days	–	–
31–60 days	–	–
Over 60 days	121	41
	<hr/>	<hr/>
Total trade payables	121	41
Other payables and accruals	12,778	9,219
Amount due to minority shareholders of subsidiaries	30,000	30,000
	<hr/>	<hr/>
	42,899	39,260
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13. SHARE CAPITAL

	Number of shares	Amount <i>HK\$'000</i>
Authorised:		
Ordinary shares of HK\$0.04 each		
At 1 April 2018, 31 March 2019 and 1 April 2019	10,000,000,000	400,000
As at 30 September 2019	<u>10,000,000,000</u>	<u>400,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.04 each		
At 1 April 2018, 31 March 2019 and 1 April 2019	5,688,396,805	227,536
As at 30 September 2019	<u>5,688,396,805</u>	<u>227,536</u>

14. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. In addition to the transaction and balances disclosed elsewhere in these consolidated financial statements, the Group had the following related party transactions during the period:

Compensation of key management personnel

The remuneration of Directors during the period is as follows:

	Three months ended		Six months ended	
	30 September		30 September	
	2019	2018	2019	2018
	Unaudited	Unaudited	Unaudited	Unaudited
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Short-term benefits	965	1,074	1,930	2,199
Post-employment benefits	23	9	45	18
	<u>988</u>	<u>1,083</u>	<u>1,975</u>	<u>2,217</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the six months ended 30 September 2019 (the “**Period**”), the Group was principally engaged in (i) anti-aging and stem cell technology businesses; (ii) trading business; (iii) money lending business; and (iv) securities investment business.

Anti-Aging and Stem Cell Technology Businesses

During the Period under review, the Group’s revenue from the anti-aging and stem cell technology businesses in Hong Kong was approximately HK\$0.1 million (2018: HK\$0.3 million) and the anti-aging and beauty centre in Shenzhen did not contribute any revenue (2018: HK\$1.8 million). The segment loss before impairment loss and income tax expense were approximately HK\$15.2 million (2018: HK\$5.7 million). The loss was incurred mainly from the staff and related cost, rental expenses, depreciation of property, plant and equipment, depreciation of lease assets and imputed interest expenses for lease liabilities.

In the past years, the Group carried out various expansion plans for its investment in the anti-aging and stem cell technology businesses. However, the Group has taken a more prudent approach in the sales and application of hematopoietic stem cell technology after a beauty treatment death case in Hong Kong of another market player in about late 2012. After the High Court of Hong Kong delivered the judgment on the beauty treatment death case of another market player in December 2017, the Group has re-assessed the existing anti-aging and stem cell technology businesses. The Group has also had in-depth reviews over the regulatory environment in Hong Kong and noted the Hong Kong Government has issued consultation document on 3 April 2018 and consultation report on 30 October 2018 on regulation of advanced therapy products (“**ATPs**”), which may affect the Group’s existing anti-aging and stem cell technology businesses.

ATPs would be subject to various requirements on product registration, licensing of manufacturers and distributors, import/export control, approval for clinical trials, labelling, record keeping and adverse event reporting applicable to all pharmaceutical products. In addition, according to the consultation report, in order to provide sufficient protection to patients, the following specific requirements were proposed taking into account the unique nature of ATPs:

- (a) manufacturers are required to comply with guideline/standard on control of cells and tissues for ATPs production and relevant Good Manufacturing Practice guide. Manufacturing would include preparation of ATPs for the purpose of clinical trials or treatment of a particular patient;
- (b) the unique donation identifiers/product codes and patient identifiers should be labeled on the ATPs in formats specified by the regulatory authority; and
- (c) manufacturers and distributors of ATPs are required to keep additional information such as storage, transport, and the medical practitioner who is responsible for the use of the product to ensure sufficient monitoring and traceability. These records are required to be kept for 30 years.

The Group has replaced and renewed certain laboratory facilities located in Shatin and signed a new lease for new laboratory, office and customer service centre (the “**New Laboratory & Customer Service Centre**”) situate at Kowloon Bay in order to capture the potential business upside following the recent market development and clarification after the Hong Kong Court’s judgment on another market player’s beauty treatment death case and the Consultation Report issued by the Department of Health on 30 October 2018 relating to the Regulation of Advanced Therapy Products which are applicable to the anti-aging and stem cell technology businesses of the Group.

As disclosed in the Company’s announcement dated 9 May 2019, the fitting-out works at the new office and customer service centre had commenced. The new office and customer service centre has been on trial operation since September 2019.

The Company intends to fulfil the anticipated new regulatory standard for the new laboratory (which have not been passed into law but has been regarded by the industry as the international highest standards and best practice). The Directors need to closely monitor the scope of work of the new laboratory so that the fitting-out works for the laboratory would satisfy necessary international standards, the Company has entered into certain renovation contracts (including those contracts which disclosed in a separate announcement of the Company dated 27 September 2019). It is expected that the fitting-out works for the new laboratory would be completed in January 2020. In the meantime, the Company is still operating its existing laboratory in Shatin.

In view of the establishment of the New Laboratory & Customer Service Centre, the Directors have decided to dispose of the anti-aging operation of the Group located in Shenzhen, the PRC. In May 2019, the Group entered into the equity transfer agreement with an independent third party to dispose of 100% of the equity interest in the Disposed Company for a total consideration of approximately RMB1.6 million. Given that the Disposed Company had recorded loss making in the past few years with net current liabilities position. The Directors considered that the Disposal would enable the Group to avoid any further losses and enjoy a cost saving from rental fee, staff costs and administration expenses. Furthermore, the Disposal would dispense with the need for further capital injection into the Disposed Company. All the conditions of the equity transfer agreement had been fulfilled and the completion took place on 6 May 2019. The Group has recognised a gain of approximately HK\$3.7 million from the Disposal.

The Group has been negotiating with certain stem cell technology companies in the PRC for use of their know-how and technology, so that the Group can optimise, enhance or even develop new type of services that complement the anti-aging and stem cell technology businesses.

Meanwhile, the Group has signed cooperation agreements with certain agencies specializing in medical beauty services to promote and sell our anti-aging and stem cell technology and products in the PRC. The Board anticipates it will help the Group to promote our products and expand our markets to increase numbers of potential customers.

The Board has noted that the extensive civil unrest and the disruption caused to the Hong Kong society as a whole has caused serious effect on the Company's existing operation on anti-aging and stem cell technology business because our targeted customers, many of whom are from the PRC have either cancelled or postponed indefinitely to come to Hong Kong for taking our services until the uncertainties and safety risk due to the civil unrest and the disruption have ceased. The Group has received of service deposit of HK\$3 million from the agent for the anti-aging and stem cell treatment services and products, we will closely monitor the situation and communicate with the agencies and potential customers. The Board is hopeful that when the new laboratory is completed and become operational, the civil unrest in Hong Kong would have ceased and the Company would then be able to capture the upturn of the market.

The Group will continue to enhance our technical team to maintain the necessary standards and expand our marketing for business growth. Meanwhile, the Group will continue to focus on further expansion and development of the anti-aging and stem cell technology businesses of the Group and we believe this will become the key driving business of the Group. The Group will continuously review its operations, and assess the future growth potential and formulate proper future business strategies.

Trading Business

Trading of Electronic Components

During the Period under review, the Group recorded a revenue from the trading of electronic components in the PRC of approximately HK\$76.3 million (2018: Nil). In view of the trade wars between the United States and China which has resulted in import tariffs on a wide range of goods traded between the two countries. Depending on the scope and level of the tariffs and restrictions imposed by the two countries, it may have negative impacts to our trading of electronic components. We will continue to keep track of the economic environment and review the future allocation of resources as and when required.

Trading of Healthcare and Personal Care Products

The Group has conducted its trading of healthcare and personal care products in Hong Kong since March 2019. During the Period, the Group recorded a revenue of approximately HK\$0.9 million (2018: Nil). The Group has been sourcing suitable healthcare products which complement the Group's anti-aging and stem cell technology businesses. The Group will continue to attempt to broaden the customer base and diversify our trading products to increase its revenue stream and improve the financial performance. We will pay close attention to the market situations and make necessary adjustments to our strategies and operations.

The segment profit of trading business before impairment loss and income tax expense was approximately HK\$0.1 million (2018: loss of HK\$1.4 million). The costs of trading business was mainly attributable to the staff and related cost, rental expenses, depreciation and imputed interest expenses for lease liabilities.

Money Lending Business

The Group commenced its money lending business through Asia Honest Finance Limited, a direct wholly-owned subsidiary of the Company, which holds a money lenders licence under the Money Lenders Ordinance (Cap. 163, Laws of Hong Kong). As at 30 September 2019, the loan receivables and loan interest receivables (net of impairment loss) were approximately HK\$104.7 million (31 March 2019: HK\$112.2 million) and approximately HK\$10.5 million (31 March 2019: HK\$5.4 million) respectively. During the Period under review, the Group recorded a revenue from money lending business of approximately HK\$8.1 million (2018: HK\$10.9 million) and recorded a segmental gain before tax of approximately HK\$7.4 million (2018: HK\$10.1 million). The interest rate charged by the Group to customers ranging from 10% to 14% (2018: 10% to 12%) per annum. The Group mainly provides unsecured loans to individuals and corporate customers. The credit terms of outstanding loans granted by the Group to customers ranged from several months to one year. The management assessed the collectability of loans receivables from time to time individually with reference to borrowers' past collection history and current creditworthiness. The Group applied the general approach to provide for expected credit loss prescribed by HKFRS 9 on its loan receivables and loan interest receivables. During the Period, the impairment loss on loan receivables and loan interest receivables were approximately HK\$5.2 million (2018: HK\$0.2 million). The Group considers that default has occurred when the loan receivables and related loan interest receivables were more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. No reversal of impairment loss on loan receivables and loan interest receivables were recognised during the Period (2018: HK\$7.4 million).

Considering that a large portion of the existing loans are unsecured, as part of the Group's development plan, the Group intends to gradually improve the quality of its loan portfolios by targeting to provide loans to potential customers with security or collateral once the current loans in the portfolio mature and are repaid. In view of significant demand in the market, the Group intends to maintain the loan portfolio with a prudent manner in order to generate a healthy cash flow and steady returns.

Securities Investment Business

As at 30 September 2019, the Group had held-for-trading investments in the listed company in Hong Kong of approximately HK\$0.4 million (31 March 2019: 0.8 million). During the Period under review, the Group did not record any disposal of held-for-trading investments (2018: loss of disposal of approximately HK\$0.7 million) and the unrealised loss of fair value change on held-for-trading investments was approximately HK\$0.5 million (2018: gain of approximately HK\$0.8 million). The Board will continue to monitor the market conditions and its performance.

Financial Review

Revenue

During the Period under review, the Group's total revenue increased by 555.3% to approximately HK\$85.4 million (2018: HK\$13.0 million) as compared to last period. The significant increase in revenue was mainly derived from the trading business.

Administrative and other operating expenses

The administrative and other operating expenses for the Period were approximately HK\$21.8 million (2018: HK\$16.2 million). These expenses mainly consisted of staff costs, depreciation of property, plant and equipment, depreciation of lease assets, legal and professional fee and operating leases. The increase in the administrative and other operating expenses were mainly due to the establishment of the New Laboratory & Customer Service Centre since March 2019.

Finance costs

Subsequent to the new adoption of the HKFRS 16, the Group has initially measured its lease liability at the present value of the lease payments on 1 April 2019. The lease liability will be adjusted for interest and lease payments over the lease period. During the Period, the finance cost in relation to the imputed interest expenses for lease liabilities was approximately HK\$1.6 million (2018: Nil).

(Loss)/profit for the period and (Loss)/earnings per share

The loss for the Period was approximately HK\$15.4 million (2018: profit of HK\$3.7 million) and the loss for the Period attributable to owners of the Company was approximately HK\$15.4 million (2018: profit of HK\$3.7 million) and the loss per share was 0.27 HK cents (2018: earnings per share of 0.06 HK cents).

Prospects

The Board continues their optimistic outlook of the anti-aging and stem cell technology businesses and will adjust the Group's development strategy according to the market changes. In this regard, the Board will constantly keep reviewing the Group's strategies and operations with a view to improving its business performance. We will also continue to enhance the existing business and explore other business and investment opportunities to diversify the revenue stream and business portfolios to enhance the interest of the shareholders of the Company (the "Shareholders").

Liquidity and Financial Resources

As at 30 September 2019, the Group had net current assets approximately HK\$163.5 million (31 March 2019: HK\$199.2 million) and the cash and bank balances was approximately HK\$52.6 million (31 March 2019: HK\$79.8 million). The Group had no outstanding interest-bearing borrowings (31 March 2019: Nil). The gearing ratio of the Group, being the ratio of total liabilities to total assets, was approximately 24.1% (31 March 2019: 14.3%).

Capital Structure

During the Period under review, the Group's total equity attributable to the owners of the Company amounted to HK\$280.2 million (31 March 2019: HK\$298.0 million). The equity of the Company mainly comprises share capital and capital reserves.

Employee Information

As at 30 September 2019, the Group employed a total of 38 (31 March 2019: 39) full-time employees in Hong Kong and the PRC. During the Period under review, the total remuneration to employees, including Directors' emoluments and retirement benefits amounted to approximately HK\$8.1 million (2018: HK\$5.9 million). The Group remunerates its employees based on their performance, qualification, experience and the prevailing industry practice.

Charge on Group Assets

As at 30 September 2019, the Group did not have any material charge on assets (31 March 2019: Nil).

Foreign Exchange Exposure

The Group mainly earns revenue and incurs costs in Hong Kong dollars and Renminbi and considers that the impact of foreign exchange exposure of the Group is minimal.

Contingent Liabilities

As at 30 September 2019, the Group did not have any material contingent liabilities (31 March 2019: Nil).

MATERIAL EVENTS

Update on Listing Status

On 21 December 2018, the Company received a letter from the Stock Exchange (the “**Letter**”) in relation to the notice to cancel the listing of the Company. The Stock Exchange has considered that the Company has failed to maintain a sufficient level of operation or have tangible assets of sufficient value and/or intangible assets for which a sufficient potential value can be demonstrated under the GEM Listing Rule 17.26 to warrant the continued listing of its shares and decided to suspend trading in the Company’s shares under the GEM Listing Rule 9.04 and to proceed with cancellation of the Company’s listing under the GEM Listing Rule 9.14 (the “**Decision**”).

On 2 January 2019, the Company submitted a written request to the GEM Listing Committee pursuant to Chapter 4 of the GEM Listing Rules for review of the Decision. The review hearing of the Decision by the GEM Listing Committee took place on 12 March 2019. On 20 March 2019, the Company received a fax from the GEM Listing Committee that they had decided to uphold the Decision (the “**GEM Listing Committee Decision**”). On 28 March 2019, the Company submitted a written request to the GEM Listing (Review) Committee pursuant to Chapter 4 of the GEM Listing Rules for review of the GEM Listing Committee Decision. The review hearing of the Decision by the GEM Listing (Review) Committee took place on 5 June 2019. On 4 July 2019, the Company received a fax from the GEM Listing (Review) Committee that they had decided to uphold the GEM Listing Committee Decision to suspend trading in the Company’s shares under GEM Listing Rule 9.04 and proceed with cancellation of the Company’s listing under GEM Listing Rule 9.14 (the “**GEM LRC Decision**”).

The Company received a letter from the Stock Exchange dated 16 July 2019, in which the Stock Exchange sets out the resumption guidance that the Company is required to submit a resumption proposal to demonstrate its compliance with Rule 17.26 of the GEM Listing Rules (the “**Resumption Guidance**”). Under the Rule 9.14A(1) of the GEM Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 12 months. In the case of the Company, the 12-month period expires on 4 July 2020. If the Company fails to remedy the issue(s) causing its trading suspension, fully comply with the GEM Listing Rules to the Stock Exchange’s satisfaction and resume trading in its shares by 4 July 2020, the Listing Department will recommend the GEM Listing Committee to proceed with the cancellation of the Company’s listing. In addition, the Stock Exchange also has the right to impose a shorter specific remedial period, where appropriate.

The Company has published quarterly update on suspension of trading for the developments of the Company and progress towards resumption of trading. Details of which were set out in the Company’s announcement dated 4 October 2019.

At the request of the Company, trading in the shares of the Company has been suspended from 9:00 a.m. on 5 July 2019 and will remain suspended until further notice. Details of the above matters were set out in the Company’s announcements dated 21 December 2018, 2 January 2019, 20 March 2019, 28 March 2019, 4 July 2019, 16 July 2019 and 4 October 2019.

Discloseable Transaction — Fitting-out Contract for the New Office and Customer Service Centre (the “Fitting-out Contract”)

On 9 May 2019, the Group accepted the Fitting-out Contract of the contractor in respect of the fitting-out works to be carried out at the new office and customer service centre in Kowloon Bay. Under the Fitting-out Contract, the contractor agreed to undertake the fitting-out works in the new office and customer service centre according to the floor layout plan, key finish plan & material schedule, and door schedule which include but are not limited to (i) installation of partition walls, doors, floor finishing, skirting, wall finishing and ceiling finishing, etc.; and (ii) provision of materials, lighting systems and built-in furniture. Details of the Fitting-out Contract were set out in the Company’s announcement dated 9 May 2019.

Discloseable Transaction — Provision of Loan A

The loan agreement dated 18 June 2019 (the “**Loan Agreement A**”) entered into between Asia Honest Finance Limited (“**Asia Honest**”) and a customer (as the borrower, being an individual and an independent third party). Pursuant to the Loan Agreement A, Asia Honest agreed to grant an unsecured term loan in the principal amount of HK\$12,321,000 (the “**Loan A**”) to the customer for a period of one year commencing from the date of the Loan Agreement A at an interest rate of 14% per annum. The Loan A was used to repay part of the existing loan due by the customer to Asia Honest. Details of the Loan Agreement A were disclosed in the Company’s announcement dated 18 June 2019.

Discloseable Transaction — Provision of Loan B

The loan agreement dated 14 August 2019 (the “**Loan Agreement B**”) entered into between Asia Honest and a customer (as the borrower, being an individual and an independent third party). Pursuant to the Loan Agreement B, Asia Honest agreed to grant an unsecured term loan in the principal amount of HK\$5,810,000 (the “**Loan B**”) to the customer for a period of one year commencing from the date of the Loan Agreement B at an interest rate of 12% per annum. The Loan B was used to repay balance of the existing loan due by the customer to Asia Honest. Details of the Loan Agreement B were disclosed in the Company’s announcement dated 14 August 2019.

Discloseable Transactions — Renovation Contracts for the New Laboratory

On 27 September 2019, the Group accepted the three renovation contracts (the “**Renovation Contracts**”) in respect of the air-conditioning works (the “**Air-conditioning Works**”), the clean room works (the “**Clean Room Works**”) and the fitting-out works (the “**Fitting-out Works**”) to be carried out at the new laboratory (the “**New Laboratory**”) in Kowloon Bay (the “**Renovation Works**”) at the contract price. Each of the transactions under the renovation contracts constituted a discloseable transaction of the Company. Under the fitting-out contract, Contractor A agreed to undertake the Fitting-out Works according to agreed items of works to be carried out at the New Laboratory and the external louvre. Under the air-conditioning contract, Contractor B agreed to undertake the Air-conditioning Works according to the agreed items of works as stated in the air-conditioning contract, which includes supply and installation of chilled water system. Under the clean room installation contract, Contractor C agreed to undertake the installation of the clean room according to the agreed items of works as stated in the clean room installation contract, which includes partitioning, ceiling system and the lighting system inside the clean room. Details of the Renovation Contracts were set out in the Company’s announcement dated 27 September 2019.

USE OF PROCEEDS FROM PLACING OF NEW SHARES UNDER GENERAL MANDATE

References were made to the Company’s announcements dated 21 December 2016, 23 December 2016, 6 January 2017 and 19 November 2018 in relation to the Company and the placing agent entered into the placing agreement pursuant to which the Company agreed to place of 948,064,000 ordinary shares of HK\$0.04 each in the share capital of the Company at a price of HK\$0.13 per placing share (the “**Placing**”). The Placing was completed on 6 January 2017. The net proceeds (the “**Net Proceeds**”) from the Placing amounted to approximately HK\$120.1 million. As disclosed in the annual report of the Company for the year ended 31 March 2019, the Company has remaining unutilised Net Proceeds of approximately HK\$24.6 million. During the Period, the net proceeds from the Placing had been applied as follows:

	Unutilised Net Proceeds as at 31 March 2019 HK\$’ million	Utilised Net Proceeds for the Period HK\$’ million	Unutilised Net Proceeds as at 30 September 2019 HK\$’ million
Actual use of the Net Proceeds			
i. For development of anti-aging and stem cell technology businesses	12.3	12.3	–
ii. For expansion of loan portfolios of money lending business	2.7	–	2.7
iii. For development of trading business	9.6	2.9	6.7
Total:	<u>24.6</u>	<u>15.2</u>	<u>9.4</u>

OTHER INFORMATION

Directors' and Chief Executive's Interests

As at 30 September 2019, the interests and short positions of the Directors and chief executives of the Company (the “**Chief Executives**”) 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 (Cap. 571, Laws of Hong Kong) (“**SFO**”)) which were required to be 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 were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange, were as follows:

(a) Long position in the ordinary shares of the Company (“**Shares**”)

Name of Directors	Capacity/ Nature of interest	Number of Shares held	Percentage of Shares in issue (Approximate)
Mr. Lau Ngai Cheung (“ Mr. Lau ”) (Note)	Beneficial owner, interest of spouse and interest of controlled corporation	756,850,000	13.31%
Mrs. Cheung Fan Karen (“ Mrs. Cheung ”) (Note)	Beneficial owner/interest of spouse	756,850,000	13.31%

Note:

Each of Mr. Lau and Mrs. Cheung is deemed to be interested in a total of 756,850,000 Shares of which 4,000,000 Shares are held by Mrs. Cheung and 752,850,000 Shares are held by Mr. Lau and Pacific Fortune Global Limited. Mr. Lau has a direct 100% interest in Pacific Fortune Global Limited. By virtue of the SFO, Mr. Lau is deemed to be interested in 474,032,000 Shares registered in the name of Pacific Fortune Global Limited. Mrs. Cheung is the spouse of Mr. Lau, therefore, Mrs. Cheung is deemed to be interested in all of the Shares owned by Mr. Lau and Mr. Lau is deemed to be interested in all of the Shares owned by Mrs. Cheung.

(b) Long position in the shares of associated corporation

Name of Director	Name of associated corporation	Capacity	Number of shares held in associated corporation	Percentage of interest in associated corporation
Mr. Lau (Note)	Pacific Fortune Global Limited	Beneficial owner	1	100.00%

Note:

As at 30 September 2019, Pacific Fortune Global Limited was wholly owned by Mr. Lau.

Save as disclosed above, as at 30 September 2019, none of the Directors and the Chief Executives had any other interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO) which were required to be 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 were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

Directors' Rights to Acquire Shares or Debentures

Other than the share option scheme, at no time during the Period was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of share in, or debentures of, the Company or any other body corporate.

Share Option Scheme

Pursuant to the ordinary resolution passed at the extraordinary general meeting of the Company held on 4 August 2010 and the Stock Exchange granting approval of the listing of, and permission to deal in, the shares to be issued under the share option scheme (the “**Share Option Scheme**”) on 17 November 2010, the Company has adopted the Share Option Scheme to replace the expired share option scheme adopted on 1 February 2002. The principal terms of the Share Option Scheme were set out in the appendix to the circular of the Company dated 20 July 2010.

At the annual general meeting of the Company held on 7 August 2015 (the “**2015 AGM**”), the shareholders of the Company had approved the refreshment of the Share Option Scheme mandate limit in accordance with the Share Option Scheme and the GEM Listing Rules. As at 30 September 2019, the Company had 395,033,280 share options, representing 6.94% of the issued Shares, available for issue under the Share Option Scheme. No share options were granted, lapsed or exercised during the Period and there was no outstanding share option as at 31 March 2019 and 30 September 2019.

The purpose of the Share Option Scheme is to enable the Company to provide incentive to participants with the opportunity of participating in the growth of the Company by acquiring shares in the Company and may, in turn, assist in the attraction and retention of talents who have made contributions to the success of the Company.

Substantial Shareholders' Interests and Other Persons' Interests

As at 30 September 2019, so far as was known to the Directors, the following persons/entities (other than the Directors or chief executives of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of Shareholders	Capacity/Nature of interest	Number of Shares held	Percentage of Shares in issue (Approximate)
Mr. David Lin Kao Kun	Beneficial owner	1,054,330,333	18.53%
Pacific Fortune Global Limited (Note 1)	Beneficial owner	474,032,000	8.33%
Primeshare Globe (Hong Kong) Inv. Co., Limited	Beneficial owner	721,452,000	12.68%
A Plus Capital Management Limited (Note 2)	Investment manager	320,800,000	5.64%
Tiger Capital Fund SPC — Tiger Global SP (Note 2)	Beneficial owner	320,800,000	5.64%

Notes:

1. Mr. Lau has a direct 100% interest in Pacific Fortune Global Limited. By virtue of the SFO, Mr. Lau is deemed to be interested in 474,032,000 Shares registered in the name of Pacific Fortune Global Limited. Mrs. Cheung is the spouse of Mr. Lau, therefore, Mrs. Cheung is deemed to be interested in all of the Shares owned by Mr. Lau.
2. A Plus Capital Management Limited is the beneficial owner of Tiger Capital Fund SPC — Tiger Global SP.

Save as disclosed above, as at 30 September 2019, the Directors were not aware of any other persons/entities (other than the Directors and chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Purchase, Sale or Redemption of Shares

During the six months ended 30 September 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

Securities Transactions by Directors

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry, all Directors confirmed that they had complied with such code of conduct and the required standard of dealings throughout the six months ended 30 September 2019.

Competing Interests

As at 30 September 2019, none of the Directors and controlling shareholders of the Company nor any of their respective close associates (as defined in the GEM Listing Rules) had any interest in a business which causes or may cause a significant competition with the business of the Group.

Corporate Governance Code Compliance

The Company has complied throughout the six months ended 30 September 2019 with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") except the following:

Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The chairman of the Board (the "**Chairman**") is vacated and the Board intends to identify suitable candidate to fill the vacancy.

Pursuant to code provision A.2.7 of the CG Code, the chairman of the Board should at least annually hold meetings with the independent non-executive Directors without the presence of other Directors. As the Chairman is vacated, no such meeting was held in this regard.

Pursuant to code provision A.4.1 of the CG Code, non-executive Directors should be appointed for a specific term, subject to re-election. The non-executive Director and all independent non-executive Directors are not appointed for a specific term, but they are subject to re-election at the annual general meeting of the Company in accordance with the articles of association of the Company.

Pursuant to code provision E.1.2 of the CG Code, the chairman of the Board should attend the annual general meeting. As the Chairman is vacated and Mr. Chui Kwong Kau, an executive Director was attended to chair and answer questions from shareholders at the annual general meeting of the Company held on 30 August 2019.

Changes in information of Director

The recent change in information of the Director subsequent to the date of annual report for the year ended 31 March 2019 is set out below:

Mr. Chui Kwong Kau has been appointed as an executive director of Ming Lam Holdings Limited (Stock Code: 1106) with effect from 17 July 2019.

Audit Committee

The audit committee of the Company (the “**Audit Committee**”) comprises three independent non-executive Directors, namely, Mr. Hung Yat Ming, Mr. Chan Yun Hing and Mr. Tang Hua with written terms of reference in compliance with the GEM Listing Rules. Mr. Hung Yat Ming is the chairman of the Audit Committee. These unaudited consolidated results for the Period have been reviewed by the Audit Committee.

By order of the Board
Hong Kong Life Sciences and Technologies Group Limited
Lu Zhiqiang
Executive Director and Chief Executive Officer

Hong Kong, 14 November 2019

As at the date of this announcement, the Board comprises (i) six executive Directors, namely Mr. Lu Zhiqiang, Mr. Chui Kwong Kau, Mr. Zhang James Jian Yuan, Dr. Sun Yu, Mrs. Cheung Fan Karen and Mr. Lau Ngai Cheung ; and (ii) three independent non-executive Directors, namely Mr. Hung Yat Ming, Mr. Chan Yun Hing and Mr. Tang Hua.

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