

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

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

*This report, 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 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.*

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 2016, together with the unaudited comparative figures for the corresponding period in 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three and six months ended 30 September 2016

	Notes	Three months ended 30 September		Six months ended 30 September	
		2016 Unaudited HK\$'000	2015 Unaudited HK\$'000	2016 Unaudited HK\$'000	2015 Unaudited HK\$'000
Continuing operations					
Revenue	4	44,497	55,801	65,174	63,071
Cost of sales		(35,635)	(47,200)	(48,669)	(47,752)
Gross profit		8,862	8,601	16,505	15,319
(Loss)/gain on disposal of held-for-trading investments		–	(1,764)	(1,476)	4,698
Fair value change on held-for-trading investments		105	5,195	105	5,342
Other revenue and net income	4	9	6	19	374
Administrative and other operating expenses		(9,270)	(12,307)	(20,278)	(23,698)
(Loss)/profit before tax	5	(294)	(269)	(5,125)	2,035
Income tax	6	(506)	136	(506)	(3,290)
Loss for the period from continuing operations		(800)	(133)	(5,631)	(1,255)
Discontinued operation					
Loss for the period from discontinued operation	7	–	–	–	(5,669)
Loss for the period		(800)	(133)	(5,631)	(6,924)

	Three months ended		Six months ended	
	30 September		30 September	
	2016	2015	2016	2015
	Unaudited	Unaudited	Unaudited	Unaudited
Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other comprehensive				
(expense)/income:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange difference arising on translation of foreign operations	(286)	(2,419)	(1,283)	(2,116)
Release of translation reserve upon disposal of a subsidiary	-	-	-	40
Total comprehensive expense for the period	(1,086)	(2,552)	(6,914)	(9,000)
Earnings/(loss) for the period attributable to:				
— owners of the Company	814	1,333	(2,312)	(4,816)
— non-controlling interests	(1,614)	(1,466)	(3,319)	(2,108)
	(800)	(133)	(5,631)	(6,924)
Total comprehensive income/(expense) for the period attributable to:				
— owners of the Company	528	(1,086)	(3,595)	(6,892)
— non-controlling interests	(1,614)	(1,466)	(3,319)	(2,108)
	(1,086)	(2,552)	(6,914)	(9,000)
Earnings/(loss) per share:				
From continuing and discontinued operations				
Basic and diluted (HK cents)	0.02	0.03	(0.05)	(0.12)
From continuing operations				
Basic and diluted (HK cents)	0.02	0.03	(0.05)	0.02

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 September 2016 Unaudited HK\$'000	As at 31 March 2016 Audited HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	10	8,366	11,822
Other intangible assets		46,000	46,000
Available-for-sale investments		2,509	2,509
TOTAL NON-CURRENT ASSETS		56,875	60,331
CURRENT ASSETS			
Inventories		7	7
Trade and other receivables	11	288,742	247,187
Held-for-trading investments		2,128	12,640
Tax in advance		1,291	1,176
Cash and bank balances		5,564	40,301
TOTAL CURRENT ASSETS		297,732	301,311
CURRENT LIABILITIES			
Trade and other payables	12	42,926	43,047
TOTAL CURRENT LIABILITIES		42,926	43,047
NET CURRENT ASSETS		254,806	258,264
NET ASSETS		311,681	318,595
CAPITAL AND RESERVES			
Share capital	13	189,613	189,613
Reserves		167,632	171,227
Equity attributable to the owners of the Company		357,245	360,840
Non-controlling interests		(45,564)	(42,245)
TOTAL EQUITY		311,681	318,595

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to the owners of the Company

	Share capital	Share premium	Special reserve	Share options reserve	Translation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2015	158,013	524,799	(39,998)	1,575	799	(343,895)	301,293	(36,976)	264,317
Loss for the period	-	-	-	-	-	(4,816)	(4,816)	(2,108)	(6,924)
Release of translation reserve upon disposal of a subsidiary	-	-	-	-	40	-	40	-	40
Exchange differences arising on translation of foreign operations	-	-	-	-	(2,116)	-	(2,116)	-	(2,116)
Total comprehensive expense for the period	-	-	-	-	(2,076)	(4,816)	(6,892)	(2,108)	(9,000)
Recognition of equity-settled share-based payments	-	-	-	3,149	-	-	3,149	-	3,149
At 30 September 2015	158,013	524,799	(39,998)	4,724	(1,277)	(348,711)	297,550	(39,084)	258,466
At 1 April 2016	189,613	593,160	(39,998)	-	(2,171)	(379,764)	360,840	(42,245)	318,595
Loss for the period	-	-	-	-	-	(2,312)	(2,312)	(3,319)	(5,631)
Exchange differences arising on translation of foreign operations	-	-	-	-	(1,283)	-	(1,283)	-	(1,283)
Total comprehensive expense for the period	-	-	-	-	(1,283)	(2,312)	(3,595)	(3,319)	(6,914)
At 30 September 2016	189,613	593,160	(39,998)	-	(3,454)	(382,076)	357,245	(45,564)	311,681

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 September	
	2016	2015
	Unaudited	Unaudited
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash (used in)/generated from:		
Operating activities	(33,569)	(14,587)
Investing activities	(18)	7,006
Financing activities	–	–
Net decrease in cash and cash equivalents	(33,587)	(7,581)
Cash and cash equivalents at the beginning of the period	40,301	12,099
Effect of foreign exchange rate changes	(1,150)	(885)
Cash and cash equivalents at the end of the period	5,564	3,633
Analysis of cash and cash equivalents		
Cash and bank balances	5,564	3,633

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. On 19 June 2015, the Group had discontinued its hotel operations and their results were therefore classified as the discontinued operation.

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 2016 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 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 purposes of resources allocation and performance assessment of the Group.

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.

Information regarding the above segments for the six months ended 30 September 2016 and 2015 are as follows:

(a) Segment revenues and results

For the six months ended 30 September 2016	Continuing operations					Discontinued operation	
	Anti-aging and stem cell technology businesses Unaudited HK\$'000	Trading business Unaudited HK\$'000	Money lending business Unaudited HK\$'000	Securities investment Unaudited HK\$'000	Sub-total Unaudited HK\$'000	Hotel operations Unaudited HK\$'000	Total Unaudited HK\$'000
	Revenue from external customers	1,798	49,837	13,539	-	65,174	-
Segments results	(7,998)	(947)	12,952	(1,371)	2,636	-	2,636
Unallocated corporate income					-	-	-
Unallocated corporate expenses					(7,761)	-	(7,761)
Loss before tax					(5,125)	-	(5,125)

For the six months ended 30 September 2015	Continuing operations					Discontinued operation	
	Anti-aging and stem cell technology businesses Unaudited HK\$'000	Trading business Unaudited HK\$'000	Money lending business Unaudited HK\$'000	Securities investment Unaudited HK\$'000	Sub-total Unaudited HK\$'000	Hotel operations Unaudited HK\$'000	Total Unaudited HK\$'000
	Revenue from external customers	5,373	48,178	9,190	330	63,071	1,429
Segments results	(7,134)	(2,076)	8,649	10,371	9,810	(5,669)	4,141
Unallocated corporate income					366	-	366
Unallocated corporate expenses					(8,141)	-	(8,141)
Profit/(loss) before tax					2,035	(5,669)	(3,634)

(b) Segment assets and liabilities

As at 30 September 2016	Continuing operations				Discontinued operation		
	Anti-aging and stem cell technology businesses Unaudited HK\$'000	Trading business Unaudited HK\$'000	Money lending business Unaudited HK\$'000	Securities investment Unaudited HK\$'000	Sub-total Unaudited HK\$'000	Hotel operations Unaudited HK\$'000	Total Unaudited HK\$'000
Segment assets	57,796	40,228	233,467	2,128	333,619	-	333,619
Unallocated assets					20,988	-	20,988
Consolidated assets							354,607
Segment liabilities	40,953	731	25	-	41,709	-	41,709
Unallocated liabilities					1,217	-	1,217
Consolidated liabilities							42,926

As at 31 March 2016	Continuing operations				Discontinued operation		
	Anti-aging and stem cell technology businesses Unaudited HK\$'000	Trading business Unaudited HK\$'000	Money lending business Unaudited HK\$'000	Securities investment Unaudited HK\$'000	Sub-total Unaudited HK\$'000	Hotel operations Unaudited HK\$'000	Total Unaudited HK\$'000
Segment assets	47,956	42,539	195,473	12,640	298,608	-	298,608
Unallocated assets					63,034	-	63,034
Consolidated assets							361,642
Segment liabilities	41,352	834	50	-	42,236	-	42,236
Unallocated liabilities					811	-	811
Consolidated liabilities							43,047

(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 by geographical markets for the six months ended 30 September	
	2016 Unaudited HK\$'000	2015 Unaudited HK\$'000
Hong Kong	13,539	13,965
PRC	51,635	50,535
	65,174	64,500

4. **REVENUE, OTHER REVENUE AND NET INCOME**

	Three months ended 30 September 2016		Six months ended 30 September 2016	
	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000
Continuing operations Revenue				
Anti-aging and stem cell technology businesses	930	2,671	1,798	5,373
Trading business	36,490	48,178	49,837	48,178
Money lending business	7,077	4,952	13,539	9,190
Dividend income from securities investment	–	–	–	330
	44,497	55,801	65,174	63,071
Other revenue and net income				
Interest income	–	2	1	4
Loan interest income	–	–	–	366
Sundry income	9	4	18	4
	9	6	19	374

5. (LOSS)/PROFIT BEFORE TAX

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

	Three months ended 30 September 2016		Six months ended 30 September 2016	
	Unaudited HK\$'000	2015 Unaudited HK\$'000	Unaudited HK\$'000	2015 Unaudited HK\$'000
Continuing operations				
Staff costs (including Directors' emoluments)				
— salaries and allowance	2,611	3,209	5,388	6,470
— contributions of defined contributions retirement benefits schemes	59	108	120	225
	2,670	3,317	5,508	6,695
Depreciation of property, plant and equipment	1,658	1,564	3,343	3,722
Operating lease rentals in respect of rented premises	2,576	2,582	5,159	4,872
Share-based payments to consultants	—	1,574	—	3,149

6. INCOME TAX

	Three months ended 30 September 2016		Six months ended 30 September 2016	
	Unaudited HK\$'000	2015 Unaudited HK\$'000	Unaudited HK\$'000	2015 Unaudited HK\$'000
Continuing operations				
Current tax				
Hong Kong	506	(136)	506	3,290
PRC enterprise income tax	—	—	—	—
	506	(136)	506	3,290

Hong Kong profit tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits for the period.

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 recognized for the period due to the temporary differences which will result in a liability to be payable in the foreseeable future are immaterial.

7. DISCONTINUED OPERATION AND DISPOSAL OF A SUBSIDIARY

On 15 June 2015, the Group agreed to dispose of 婺源縣婺里天禧酒店有限公司 (Wuyuan County Wuli Tianxi Hotel Company Limited*) ("**Tianxi Hotel**") to the purchaser for a consideration of RMB5 million. All the conditions of the disposal have been fulfilled and the completion of the disposal took place on 19 June 2015. Upon completion, the Group had discontinued its hotel operations and their results were therefore classified as the discontinued operation. Details of the disposal of Tianxi Hotel were disclosed in the Company's announcement dated 15 June 2015. The details of assets and liabilities disposed of and the calculation of loss on disposal of Tianxi Hotel at the date of disposal are disclosed in Note 14.

The results of the discontinued operation dealt with in the unaudited consolidated financial results for the six months ended 30 September 2015 are summarized as follows:

	Six months ended 30 September 2015 Unaudited HK\$'000
Revenue	1,429
Cost of sales	(243)
Gross profit	1,186
Other revenue and net income	13
Administrative and other operating expenses	(2,773)
Loss before tax	(1,574)
Income tax	-
Loss for the period	(1,574)
Loss on disposal of a subsidiary (Note 14)	(4,095)
Loss for the period from the discontinued operation	(5,669)

Loss before tax from discontinued operation has been arrived at after charging:

	Six months ended 30 September 2015 Unaudited HK\$'000
Staff costs	1,353
Depreciation of property, plant and equipment	506

Cash flows from discontinued operation

For the six
months ended
30 September
2015
Unaudited
HK\$'000

Operating activities	(487)
Investing activities	(21)
Financing activities	—
Net cash outflows	(508)

8. DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2016 (2015: Nil).

9. EARNINGS/(LOSS) PER SHARE

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

	Three months ended 30 September		Six months ended 30 September	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Earnings/(loss) for the period attributable to the owners of the Company				
— from continuing operations	814	1,333	(2,312)	853
— from discontinued operation	—	—	—	(5,669)
— from continuing and discontinued operations	814	1,333	(2,312)	(4,816)
Weighted average number of ordinary shares in issue	4,740,332,805	3,950,332,805	4,740,332,805	3,950,332,805

For the period ended 30 September 2016, the Company did not have any dilutive potential ordinary shares. For the period ended 30 September 2015, the diluted loss per share has not been disclosed as the potential shares arising from the exercise of the Company's share options would decrease the loss per share for the periods and is regarded as anti-dilutive.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2016, the Group acquired items of furniture, fixtures and equipment with a cost of HK\$19,000 (2015: HK\$71,000). Upon completion of the disposal of Tianxi Hotel, the items of property, plant and equipment with a net book value of approximately HK\$11,291,000 were disposed of during the six months ended 30 September 2015.

11. TRADE AND OTHER RECEIVABLES

	30 September 2016 Unaudited HK\$'000	31 March 2016 Audited HK\$'000
Trade receivables, with ageing analysis:		
0–30 days	57,325	37,492
31–60 days	497	–
Over 60 days	608	586
<hr/>		
Total trade receivables	58,430	38,078
Deposits and prepayments	19,037	14,630
Loan receivables (Note)	211,271	181,271
Other receivables	4	13,208
<hr/>		
	288,742	247,187

Note: As at 30 September 2016, loan receivables bore interest at the fixed rates of 10% to 24% (31 March 2016: 10% to 24%) per annum and are repayable within 12 months. Except for a loan receivable with a carrying amount of approximately HK\$27 million was secured by parcels of land, all loan receivables were unsecured. The Directors assessed the collectability of loans receivables from time to time individually with reference to borrowers' past collection history and current creditworthiness.

12. TRADE AND OTHER PAYABLES

	30 September 2016 Unaudited HK\$'000	31 March 2016 Audited HK\$'000
Trade payables, with ageing analysis:		
0–30 days	–	–
31–60 days	–	–
Over 60 days	25	46
<hr/>		
Total trade payables	25	46
Other payables and accruals	12,901	13,001
Amount due to minority shareholders of subsidiaries	30,000	30,000
<hr/>		
	42,926	43,047

13. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.04 each		
At 1 April 2015, 31 March 2016 and 1 April 2016	5,000,000,000	200,000
Increase in authorised share capital (<i>note a</i>)	5,000,000,000	200,000
	<hr/>	<hr/>
As at 30 September 2016	10,000,000,000	400,000
	<hr/>	<hr/>
Issued and fully paid:		
Ordinary shares of HK\$0.04 each		
At 1 April 2015	3,950,332,805	158,013
Issue of ordinary shares under share placing (<i>note b</i>)	790,000,000	31,600
	<hr/>	<hr/>
As at 31 March 2016, 1 April 2016 and 30 September 2016	4,740,332,805	189,613
	<hr/>	<hr/>

Notes:

- a. Pursuant to an ordinary resolution of the Company passed on 3 June 2016, the authorised share capital of the Company was increased from HK\$200,000,000 (divided into 5,000,000,000 ordinary shares) to HK\$400,000,000 (divided into 10,000,000,000 ordinary shares) by the creation of an additional 5,000,000,000 ordinary shares.
- b. On 5 January 2016, 790,000,000 ordinary shares were issued at a placing price of HK\$0.13 per placing shares to not fewer than six places.

14. DISPOSAL OF A SUBSIDIARY

On 15 June 2015, the Group agreed to dispose of Tianxi Hotel to the purchaser for a consideration of RMB5 million. All the conditions of the disposal have been fulfilled and the completion of the disposal took place on 19 June 2015. Details of the disposal of a subsidiary were disclosed in the Company's announcement dated 15 June 2015. The assets and liabilities of Tianxi Hotel at the date of disposal were as follows:

	Unaudited HK\$'000
Net assets disposed of:	
Property, plant and equipment	11,291
Inventories	44
Trade and other receivables	1,988
Cash and bank balances	60
Trade and other payables	(2,988)
	<hr/>
	10,395
Release of translation reserve upon disposal of a subsidiary	40
Loss on disposal	(4,095)
	<hr/>
Total cash consideration	6,340
	<hr/>
Net cash inflow arising on disposal	
Cash consideration received	6,340
Cash and cash equivalent disposed	(60)
	<hr/>
	6,280
	<hr/>

15. 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:

a. Compensation of key management personnel

The remuneration of Directors during the period is as follows:

	Three months ended 30 September		Six months ended 30 September	
	2016 Unaudited HK\$'000	2015 Unaudited HK\$'000	2016 Unaudited HK\$'000	2015 Unaudited HK\$'000
Short-term benefits	1,013	999	2,026	2,013
Post-employment benefits	5	5	9	9
	1,018	1,004	2,035	2,022

- b.** On 18 March 2016, the Group entered into the technology development agreement (the "**Technology Development Agreement**") with 厚璞生物科技(蘇州)有限公司 (Hope Bio-tech (Suzhou) Co., Ltd.*) ("**Hope Bio-tech**") in relation to the research and development of the patents. As at the date of the Technology Development Agreement, Mr. David Lin Kao Kun ("**Mr. Lin**") was an executive Director, a vice-chairman and a shareholder holding 17.76% of the issued share capital of the Company, and his spouse (being Mr. Lin's associate under the GEM Listing Rules) were indirectly interested in the entire equity interests in Hope Bio-tech. Accordingly, Hope Bio-tech was an associate of Mr. Lin under the GEM Listing Rules and hence was a connected person of the Company. The total consideration for the first year of service would be HK\$9,500,000. As at 30 September 2016, a total of HK\$7 million has been paid under the Technology Development Agreement. During the period under review, the Group has paid HK\$4 million to Hope Bio-Tech. Details of the Technology Development Agreement were disclosed in the Company's announcement dated 18 March 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Continuing operations

Anti-Aging and Stem Cell Technology Businesses

For the six months ended 30 September 2016 (the “**Period**”), the Group recorded a revenue from the anti-aging and stem cell technology businesses of approximately HK\$1,798,000 (2015: HK\$5,373,000), representing a decrease of approximately 67% as compared to last period. The segment loss before tax was approximately HK\$7,998,000 (2015: HK\$7,134,000). The loss was incurred mainly from the staff costs and rental expenses.

159 Anti-Aging Center

The Group has successfully completed the acquisition of 51% of equity interests of 159 Regenerative Medicine Group (H.K.) Limited and its subsidiaries (collectively, “**159 Group**”) in 2012, 159 Group was granted a licence for the user right of stem cell technology. During the Period under review, 159 Group did not contribute any revenue to the Group (2015: HK\$4,403,000). The Group continued to face the keen competition and high operating costs and the revenue was significantly affected by weak demand for the stem cell technology service of 159 Group. The Group has imposed tight costs control to the operations, with a view to minimising costs to cope with the changing business environment.

Other Anti-Aging and Stem Cell Technology Businesses

During the Period under review, the Group did not record any revenue from the distribution of life sciences and biomedical products (2015: HK\$41,000) and the revenue from the health check and beauty service in the PRC was approximately HK\$1,798,000 (2015: HK\$929,000).

Reference was made to the Company’s announcement dated 28 March 2013, the Company further acquired certain exclusive licences on the patents. On 18 March 2016, the Group entered into the Technology Development Agreement with Hope Bio-tech for research and development of two patents. In order to produce commercially viable products, more research effort and investment have to be made to develop and improve the patents. Through entering into the Technology Development Agreement, the Group may be able to improve the patents and is likely to benefit from improving its product mix. If commercially feasible, the Group may also expand its anti-aging and stem cell technology businesses into the PRC.

Trading Business

The Group recorded a revenue from trading business for the Period of approximately HK\$49,837,000 (2015: HK\$48,178,000), representing an increase of approximately 3% as compared to last period. The segment loss before tax was approximately HK\$947,000 (2015: HK\$2,076,000). 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.

Money Lending Business

The Group commenced its money lending business through Asia Honest Finance Limited, which holds a money lenders licence under the Money Lenders Ordinance (Cap. 163, Laws of Hong Kong). As at 30 September 2016, the loan receivables and interests receivables were approximately HK\$211,271,000 (31 March 2016: HK\$181,271,000) and HK\$21,725,000 (31 March 2016: HK\$13,761,000). During the Period under review, the Group recorded a revenue from money lending business of approximately HK\$13,539,000 (2015: HK\$9,190,000) representing an increase of approximately 47% as compared to last period. Segment gain before tax was approximately HK\$12,952,000 (2015: HK\$8,649,000). The loans receivables bore interest at the fixed rate of 10% to 24% per annum. Customers included individual and corporation providing secured and unsecured loans. The credit terms of outstanding loans granted by the Group to the customers ranged from 6 months to 12 months. 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

As at 30 September 2016, the Company had held-for-trading investments in the Hong Kong listed companies of approximately HK\$2,128,000 (31 March 2016: HK\$12,640,000). During the Period under review, the realized loss on disposal of Hong Kong listed securities was approximately HK\$1,476,000 (2015: gain of HK\$4,698,000) and an unrealized gain of Hong Kong listed securities investment was approximately HK\$105,000 (2015: HK\$5,342,000) representing the fair value change on held-for-trading investments. The Board will continue to monitor the market conditions and its performance.

Discontinued Operation

In June 2015, the Group entered into the equity transfer agreement with the purchaser to dispose of the Tianxi Hotel. The completion of the disposal took place on 19 June 2015 and the financial results of Tianxi Hotel were therefore classified as the discontinued operation. Details of the disposal of hotel operation were disclosed in the Company's announcement dated 15 June 2015. During the six months period ended 30 September 2015, the revenue from hotel operation was approximately HK\$1,429,000 and recorded the loss of approximately HK\$5,669,000 from the discontinued operation.

Financial Review

During the Period under review, the Group's total revenue from continuing operations was approximately HK\$65,174,000 (2015: HK\$63,071,000), representing an increase of approximately 3% as compared to last period. The administrative and other operating expenses for the Period were approximately HK\$20,278,000 (2015: HK\$23,698,000) from continuing operations. The decrease in the administrative and other operating expenses due to the absence of the share-based payments to consultants during the Period (2015: HK\$3,149,000).

The loss from the continuing operations for the Period was approximately HK\$5,631,000 (2015: HK\$1,255,000). The increase in loss from continuing operations were mainly attributable to the held-for-trading investments incurred the realized and unrealized loss of Hong Kong listed securities of approximately HK\$1,371,000 (2015: gain of HK\$10,040,000). The loss for the period attributable to owners of the Company was approximately HK\$2,312,000 (2015: HK\$4,816,000) and the loss per share was 0.05 HK cents (2015: 0.12 HK cents).

Prospects

The Group will continue to enhance the anti-aging and stem cell technology businesses. In this regard, the Board will constantly keep reviewing the Group's strategies and operations with a view to improve its business performance. In view of the growth potential in the PRC market, we intend to further develop our business in the PRC. We will continue to search and identify other products and service to broaden our revenue stream as well as explore other investment opportunities to expand and diversify our business portfolios.

Liquidity and Financial Resources

As at 30 September 2016, the Group had net current assets approximately HK\$254,806,000 (31 March 2016: HK\$258,264,000) and the cash and bank balances was approximately HK\$5,564,000 (31 March 2016: HK\$40,301,000). The Group had no outstanding interest-bearing borrowings (31 March 2016: Nil). The gearing ratio of the Group, being the ratio of total liabilities to total assets, was approximately 12.1% (31 March 2016: 11.9%).

Capital Structure

As at 30 September 2016, the Group's total equity attributable to the owners of the Company amounted to HK\$357,245,000 (31 March 2016: HK\$360,840,000). The equity of the Company mainly comprises share capital and capital reserves.

Material Events

(a) *Litigation and assignment agreement*

Reference was made to the announcement of the Company dated 27 May 2013 in relation to the Group, the vendor and the guarantors entered into the sale and purchase agreement for the sale and purchase (the "**Acquisition Agreement**") of the property located at Longgang District, Shenzhen (the "**Property**"). Under the Acquisition Agreement, the vendor agreed to handover the Property to the purchaser for use before 31 January 2014. The Group has paid the deposit to the vendor in accordance with the Acquisition Agreement but the vendor failed to handover the Property. The Group has lodged a civil litigation against the vendor and the guarantors on 7 April 2016 (the "**Litigation**") and applied for an order from the People's Court of Longgang District, Shenzhen Municipality of the PRC for, among other things, termination of the Acquisition Agreement and the supplemental agreement to the Acquisition Agreement, return of the refundable deposit in the sum of RMB23,520,000 and payment of damages in the sum of RMB8,490,720 (being the damages for the period from 1 February 2014 to 15 March 2016). The Group has instructed its PRC lawyers to handle the Litigation and deal with all legal matters in relation thereto.

On 22 June 2016, the Group entered into a creditor's rights assignment agreement ("**Assignment Agreement**") with Shenzhen Tennessee Technology Co., Ltd* (深圳市田納西科技有限公司, as the assignee) (the "**Assignee**") for the transfer of the creditor's rights, the rights against the Guarantors and all the other rights and interests vested in the purchaser under the Acquisition Agreement and the supplementary agreement to the Assignee ("**Sale Rights**") for a consideration of RMB11 million. The assignment of the Sale Rights is a good opportunity for the Group to reduce potential loss caused by the Litigation and transfer the relevant costs and risk out of the Group. The Directors, including the independent non-executive Directors, are of the view that the assignment under the Assignment Agreement is in the interests of the Company and the terms of the Assignment Agreement are fair and reasonable and on normal commercial terms and in the interests of the shareholders as a whole. Details of the Litigation and Assignment Agreement were disclosed in the Company's announcements dated 4 May 2016 and 22 June 2016 respectively.

(b) Letter of Intent

On 26 April 2016, the Company entered into the non-legally binding letter of intent with Driving Force Limited ("**Driving Force**"), in respect of a possible acquisition (the "**Possible Acquisition**"). Subject to the formal sale and purchase agreement which may be entered into in relation to the Possible Acquisition, Driving Force shall sell and the Company shall acquire the sale share, representing 100% of the issued share capital of Clear Ambition Global Limited ("**Clear Ambition**"). Clear Ambition is a company incorporated in Samoa and principally engaged in the business of investment holding. It holds 90% of the issued share capital of Cellvax SAS, a company incorporated in France on 19 June 2001. Cellvax SAS is a service company which provides complete preclinical innovating services allowing accelerating the drug development process for unmet needs related to severe human diseases, mainly in oncology and osteoarthritis fields. The consideration for the Possible Acquisition is subject to further negotiations and determination between Driving Force and the Company. As at the date of this report, the Company and Driving Force had ceased negotiations regarding the Possible Acquisition. The parties had not entered into any formal agreement within a period of 6 months from the date of the Letter of Intent (i.e. 25 October 2016) and the Letter of Intent thereby lapsed on 25 October 2016. Details of the Possible Acquisition were disclosed in the Company's announcement dated 26 April 2016.

(c) Memorandum of understanding (the "MOU")

On 17 August 2016, the Company and China Regenerative Medicine International Limited ("**CRMI**") entered into a MOU in relation to the proposed sale of certain companies that are principally engaged in cell and stem cell business held by the CRMI to the Company (the "**Proposed Transaction**"). It was intended that the consideration for the Proposed Transaction be settled by cash and/or consideration shares by the Company. As at the date of this report, the Company and CRMI are still negotiations regarding the Proposed Transaction. The parties had not entered into any legally binding definitive agreement at the date of this report. Details of the Proposed Transaction were disclosed in the Company's announcement dated 17 August 2016.

(d) Discloseable transaction in relation to the Further Extension of Loan Agreement I

On 29 September 2016, Asia Honest, Mr. Lam and Honorbase entered into the Further Extension Loan Agreement I. References are made to the Company's announcements dated 27 March 2015, 29 September 2015 and 22 March 2016 regarding the Loan Agreement, Extension Loan Agreement and Further Extension Loan Agreement between Asia Honest Finance Limited as lender ("**Asia Honest**"), and Mr. Lam Wai Keung ("**Mr. Lam**") and Honorbase International Limited ("**Honorbase**") as borrower and mortgagor respectively. Pursuant to the Further Extension Loan Agreement, Asia Honest agreed to extend the maturity date of the loan to 20 September 2016 which was secured by the legal charge in respect of land located in Hong Kong. As the term of the Further Extension Loan Agreement has expired, Asia Honest and Mr. Lam and Honorbase have on 29 September 2016 entered into the Further Extension Loan Agreement I to further extend the Maturity Date of the Loan from 20 September 2016 to 20 March 2017. Details of the Further Extension Loan Agreement I were disclosed in the Company's announcement dated 29 September 2016.

Employee Information

As at 30 September 2016, the Group employed a total of 38 (31 March 2016: 38) 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\$5,508,000 (2015: HK\$8,048,000). The Group remunerates its employees based on their performance, qualification, experience and the prevailing industry practice.

Charge on Group Assets

As at 30 September 2016, the Group did not have any material charge on assets (31 March 2016: 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 2016, the Group did not have any material contingent liabilities (31 March 2016: Nil).

OTHER INFORMATION

Directors' and Chief Executive's Interests

As at 30 September 2016, 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:

Long position in the ordinary shares of the Company ("Shares")

Name of Director	Capacity	Number of Shares Held	Percentage of Shares in issue <i>(Approximate)</i>
------------------	----------	-----------------------	---

Mr. David Lin Kao Kun	Beneficial owner	850,670,333	17.95
-----------------------	------------------	-------------	-------

Save as disclosed above, as at 30 September 2016, 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 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 2016, the Company had 395,033,280 share options, representing 8.33% 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 30 September 2016 and 31 March 2016.

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 2016, the Directors were not aware of any other persons/entities (other than the Directors and the Chief Executives) who had interest or short position 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 of the Company required to be kept under Section 336 of the SFO.

Purchase, Sale or Redemption of Shares

During the six months ended 30 September 2016, 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 2016.

Competing Interests

As at 30 September 2016, 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.

Change in Information of Director

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the recent change in information of Director is set out below:

Mr. Lu Zhiqiang has resigned as an executive director of Global Energy Resources International Group Limited (stock code: 8192) with effect from 2 September 2016.

Corporate Governance Code Compliance

The Company has complied throughout the six months ended 30 September 2016 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.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 A.6.7 of the CG Code, all non-executive Directors should attend general meeting. However, certain non-executive Directors were unable to attend the annual general meeting of the Company held on 5 August 2016 (the “**AGM**”) due to their other prior engagements.

Pursuant to code provision E.1.2 of the CG Code, the chairman of the Board should attend the annual general meeting. However, Ms. Lam Kuo, being the chairman of the Board, was unable to attend the AGM due to her other prior engagement. Ms. Lam Kuo invited Mr. Chui Kwong Kau, an executive Director to chair and answer questions from shareholders at the AGM.

Audit Committee

The Audit Committee comprises three independent non-executive Directors, namely, Mr. Hung Yat Ming, Mr. Chan Yun Hing and Mr. Gui Qiangfang, 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, 11 November 2016

As at the date of this report, the Board comprises (i) five executive Directors, namely Mr. David Lin Kao Kun, Mr. Lu Zhiqiang, Mr. Chui Kwong Kau and Mr. Jiang Hongqing and Ms. Li Mei; (ii) one non-executive Director, namely Ms. Lam Kuo; and (iii) three independent non-executive Directors, namely Mr. Hung Yat Ming, Mr. Chan Yun Hing and Mr. Gui Qiangfang.