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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 2017**

#### **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.**

*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 2017, together with the unaudited comparative figures for the corresponding period in 2016 as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the three and six months ended 30 September 2017*

|   | Notes | Three months ended<br>30 September |                       | Six months ended<br>30 September |                       |
|---|-------|------------------------------------|-----------------------|----------------------------------|-----------------------|
|   |       | 2017                               | 2016                  | 2017                             | 2016                  |
|   |       | Unaudited<br>HK\$'000              | Unaudited<br>HK\$'000 | Unaudited<br>HK\$'000            | Unaudited<br>HK\$'000 |
| Revenue   | 4     | <b>43,666</b>                      | 44,497                | <b>86,960</b>                    | 65,174                |
| Cost of sales   |       | <b>(36,680)</b>                    | (35,635)              | <b>(72,427)</b>                  | (48,669)              |
| Gross profit  |       | <b>6,986</b>                       | 8,862                 | <b>14,533</b>                    | 16,505                |
| Loss on disposal of held-for-trading investments                      |       | –                                  | –                     | –                                | (1,476)               |
| Fair value change on held-for-trading investments                     |       | <b>1,764</b>                       | 105                   | <b>2,660</b>                     | 105                   |
| Other income  | 4     | –                                  | 9                     | <b>1</b>                         | 19                    |
| Administrative and other operating expenses                           |       | <b>(9,088)</b>                     | (9,270)               | <b>(18,736)</b>                  | (20,278)              |
| <b>Loss before tax</b>  | 5     | <b>(338)</b>                       | (294)                 | <b>(1,542)</b>                   | (5,125)               |
| Income tax credit/(expense)   | 6     | <b>241</b>                         | (506)                 | –                                | (506)                 |
| <b>Loss for the period</b>  |       | <b>(97)</b>                        | (800)                 | <b>(1,542)</b>                   | (5,631)               |
| <b>Other comprehensive income/ (expense):</b>                         |       |                                    |                       |                                  |                       |
| <i>Items that may be reclassified subsequently to profit or loss:</i> |       |                                    |                       |                                  |                       |
| Exchange difference arising on translation of foreign operations      |       | <b>802</b>                         | (286)                 | <b>1,642</b>                     | (1,283)               |
| <b>Total comprehensive income/ (expense) for the period</b>           |       | <b>705</b>                         | (1,086)               | <b>100</b>                       | (6,914)               |

|  | Three months ended |                 | Six months ended      |                 |
|--|--------------------|-----------------|-----------------------|-----------------|
|  | 30 September       |                 | 30 September          |                 |
|  | 2017               | 2016            | 2017                  | 2016            |
|  | Unaudited          | Unaudited       | Unaudited             | Unaudited       |
| <i>Notes</i>   | <i>HK\$'000</i>    | <i>HK\$'000</i> | <i>HK\$'000</i>       | <i>HK\$'000</i> |
| <b>Earnings/(loss) for the period attributable to:</b>                       |                    |                 |                       |                 |
| — owners of the Company  | <b>52</b>          | 814             | <b>(752)</b>          | (2,312)         |
| — non-controlling interests  | <b>(149)</b>       | (1,614)         | <b>(790)</b>          | (3,319)         |
|  | <u><b>(97)</b></u> | <u>(800)</u>    | <u><b>(1,542)</b></u> | <u>(5,631)</u>  |
| <b>Total comprehensive income/ (expense) for the period attributable to:</b> |                    |                 |                       |                 |
| — owners of the Company  | <b>854</b>         | 528             | <b>890</b>            | (3,595)         |
| — non-controlling interests  | <b>(149)</b>       | (1,614)         | <b>(790)</b>          | (3,319)         |
|  | <u><b>705</b></u>  | <u>(1,086)</u>  | <u><b>100</b></u>     | <u>(6,914)</u>  |
| <b>Earnings/(loss) per share:</b>  |                    |                 |                       |                 |
| Basic and diluted (HK cents)   | <b>0.01</b>        | 0.02            | <b>(0.01)</b>         | (0.05)          |

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## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

|  |              | As at<br>30 September<br>2017<br>Unaudited<br>HK\$'000 | As at<br>31 March<br>2017<br>Audited<br>HK\$'000 |
|--|--------------|--|--|
|  | <i>Notes</i> |  |  |
| <b>NON-CURRENT ASSETS</b>                        |              |  |  |
| Property, plant and equipment                    | 9            | 7,657  | 10,623   |
| Investment properties                            | 9            | 44,041   | –  |
| Other intangible assets                          |              | 12,000   | 12,000   |
| Available-for-sale investment                    |              | 2,509  | 2,509  |
|  |              | <b>66,207</b>  | 25,132   |
| <b>TOTAL NON-CURRENT ASSETS</b>                  |              |  |  |
| <b>CURRENT ASSETS</b>                            |              |  |  |
| Inventories                                      |              | –  | –  |
| Trade and other receivables                      | 10           | 232,451  | 238,940  |
| Held-for-trading investments                     |              | 5,880  | 3,220  |
| Tax in advance                                   |              | 744  | 744  |
| Cash and bank balances                           |              | 102,328  | 142,619  |
|  |              | <b>341,403</b>   | 385,523  |
| <b>TOTAL CURRENT ASSETS</b>                      |              |  |  |
| <b>CURRENT LIABILITIES</b>                       |              |  |  |
| Trade and other payables                         | 11           | 39,220   | 42,365   |
|  |              | <b>39,220</b>  | 42,365   |
| <b>TOTAL CURRENT LIABILITIES</b>                 |              |  |  |
|  |              | <b>302,183</b>   | 343,158  |
| <b>NET CURRENT ASSETS</b>                        |              |  |  |
|  |              | <b>368,390</b>   | 368,290  |
| <b>NET ASSETS</b>                                |              |  |  |
| <b>CAPITAL AND RESERVES</b>                      |              |  |  |
| Share capital                                    | 12           | 227,536  | 227,536  |
| Reserves   |              | 187,144  | 186,254  |
|  |              | <b>414,680</b>   | 413,790  |
| Equity attributable to the owners of the Company |              | 414,680  | 413,790  |
| Non-controlling interests                        |              | (46,290)   | (45,500)   |
|  |              | <b>368,390</b>   | 368,290  |
| <b>TOTAL EQUITY</b>                              |              |  |  |
|  |              | <b>368,390</b>   | 368,290  |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

|   | Attributable to the owners of the Company |                  |                    |                        |                       |                 | Non-<br>controlling<br>interests | Total<br>equity |                 |                 |
|---|---|------------------|--------------------|------------------------|-----------------------|-----------------|----------------------------------|-----------------|-----------------|-----------------|
|   | Share<br>capital                          | Share<br>premium | Special<br>reserve | Translation<br>reserve | Accumulated<br>losses | Total           |                                  |                 |                 |                 |
|   | Unaudited                                 | Unaudited        | Unaudited          | Unaudited              | Unaudited             | Unaudited       |                                  |                 | Unaudited       | Unaudited       |
|   | <i>HK\$'000</i>                           | <i>HK\$'000</i>  | <i>HK\$'000</i>    | <i>HK\$'000</i>        | <i>HK\$'000</i>       | <i>HK\$'000</i> |                                  |                 | <i>HK\$'000</i> | <i>HK\$'000</i> |
| 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<br>on translation of foreign<br>operations | –   | –                | –                  | (1,283)                | –                     | (1,283)         | –                                | (1,283)         |                 |                 |
| Total comprehensive expense<br>for the period                           | –   | –                | –                  | (1,283)                | (2,312)               | (3,595)         | (3,319)                          | (6,914)         |                 |                 |
| At 30 September 2016  | <u>189,613</u>                            | <u>593,160</u>   | <u>(39,998)</u>    | <u>(3,454)</u>         | <u>(382,076)</u>      | <u>357,245</u>  | <u>(45,564)</u>                  | <u>311,681</u>  |                 |                 |
| At 1 April 2017   | <b>227,536</b>                            | <b>675,345</b>   | <b>(39,998)</b>    | <b>(4,621)</b>         | <b>(444,472)</b>      | <b>413,790</b>  | <b>(45,500)</b>                  | <b>368,290</b>  |                 |                 |
| Loss for the period   | –   | –                | –                  | –                      | (752)                 | (752)           | (790)                            | (1,542)         |                 |                 |
| Exchange differences arising<br>on translation of foreign<br>operations | –   | –                | –                  | 1,642                  | –                     | 1,642           | –                                | 1,642           |                 |                 |
| Total comprehensive<br>income/(expense)<br>for the period               | –   | –                | –                  | 1,642                  | (752)                 | 890             | (790)                            | 100             |                 |                 |
| At 30 September 2017  | <u>227,536</u>                            | <u>675,345</u>   | <u>(39,998)</u>    | <u>(2,979)</u>         | <u>(445,224)</u>      | <u>414,680</u>  | <u>(46,290)</u>                  | <u>368,390</u>  |                 |                 |

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

|   | <b>Six months ended</b> |                  |
|---|-------------------------|------------------|
|   | <b>30 September</b>     |                  |
|   | <b>2017</b>             | <b>2016</b>      |
|   | <b>Unaudited</b>        | <b>Unaudited</b> |
|   | <b>HK\$'000</b>         | <b>HK\$'000</b>  |
| <b>Net cash (used in)/generated from:</b>                       |                         |                  |
| Operating activities  | (39,196)                | (33,569)         |
| Investing activities  | (2,640)                 | (18)             |
| Financing activities  | —                       | —                |
|   | <hr/>                   | <hr/>            |
| <b>Net decrease in cash and cash equivalents</b>                | <b>(41,836)</b>         | <b>(33,587)</b>  |
| <b>Cash and cash equivalents at the beginning of the period</b> | <b>142,619</b>          | <b>40,301</b>    |
| <b>Effect of foreign exchange rate changes</b>                  | <b>1,545</b>            | <b>(1,150)</b>   |
|   | <hr/>                   | <hr/>            |
| <b>Cash and cash equivalents at the end of the period</b>       | <b>102,328</b>          | <b>5,564</b>     |
|   | <hr/> <hr/>             | <hr/> <hr/>      |
| <b>Analysis of cash and cash equivalents</b>                    |                         |                  |
| Cash and bank balances  | <b>102,328</b>          | <b>5,564</b>     |
|   | <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.

### **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 2017 except as described below:

#### **Investment Properties**

Investment properties are properties held to earn rentals and/or for capital appreciation. On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss for the year in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

#### **Adoption of new or revised Hong Kong Financial Reporting Standards (the "HKFRSs")**

In the current period, The Group has applied all of the amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants that are mandatorily effective 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 purpose of allocating resources to, assessing the performance 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.

Information regarding the above segments for the six months ended 30 September 2017 and 2016 are as follows:

**(a) Segment revenues and results**

| <b>For the six months<br/>ended 30 September 2017</b> | <b>Anti-aging<br/>and stem cell<br/>technology<br/>businesses<br/>Unaudited<br/>HK\$'000</b> | <b>Trading<br/>business<br/>Unaudited<br/>HK\$'000</b> | <b>Money<br/>lending<br/>business<br/>Unaudited<br/>HK\$'000</b> | <b>Securities<br/>investment<br/>Unaudited<br/>HK\$'000</b> | <b>Total<br/>Unaudited<br/>HK\$'000</b> |
|---|--|--|--|---|---|
| Revenue from external customers                       | <u>1,747</u>   | <u>74,167</u>  | <u>11,046</u>  | <u>–</u>  | <u>86,960</u>                           |
| Segments results                                      | <u>(7,863)</u>   | <u>(104)</u>   | <u>10,387</u>  | <u>2,660</u>  | <u>5,080</u>                            |
| Unallocated corporate income                          |  |  |  |   | <u>1</u>                                |
| Unallocated corporate expenses                        |  |  |  |   | <u>(6,623)</u>                          |
| Loss before tax                                       |  |  |  |   | <u><u>(1,542)</u></u>                   |
| <b>For the six months ended<br/>30 September 2016</b> | <b>Anti-aging<br/>and stem cell<br/>technology<br/>businesses<br/>Unaudited<br/>HK\$'000</b> | <b>Trading<br/>business<br/>Unaudited<br/>HK\$'000</b> | <b>Money<br/>lending<br/>business<br/>Unaudited<br/>HK\$'000</b> | <b>Securities<br/>investment<br/>Unaudited<br/>HK\$'000</b> | <b>Total<br/>Unaudited<br/>HK\$'000</b> |
| Revenue from external customers                       | <u>1,798</u>   | <u>49,837</u>  | <u>13,539</u>  | <u>–</u>  | <u>65,174</u>                           |
| Segments results                                      | <u>(7,998)</u>   | <u>(947)</u>   | <u>12,952</u>  | <u>(1,371)</u>  | <u>2,636</u>                            |
| Unallocated corporate income                          |  |  |  |   | <u>–</u>                                |
| Unallocated corporate expenses                        |  |  |  |   | <u>(7,761)</u>                          |
| Loss before tax                                       |  |  |  |   | <u><u>(5,125)</u></u>                   |



**(b) Segment assets and liabilities**

| As at 30 September 2017  | Anti-aging<br>and stem cell<br>technology<br>businesses<br>Unaudited<br><i>HK\$'000</i> | Trading<br>business<br>Unaudited<br><i>HK\$'000</i> | Money<br>lending<br>business<br>Unaudited<br><i>HK\$'000</i> | Securities<br>investment<br>Unaudited<br><i>HK\$'000</i> | Total<br>Unaudited<br><i>HK\$'000</i> |
|--------------------------|---|---|--|--|---------------------------------------|
| Segment assets           | 24,600  | 40,764  | 190,090  | 5,880  | 261,334                               |
| Unallocated assets       |   |   |  |  | <u>146,276</u>                        |
| Consolidated assets      |   |   |  |  | <u><u>407,610</u></u>                 |
| Segment liabilities      | 37,021  | 748   | 316  | –  | 38,085                                |
| Unallocated liabilities  |   |   |  |  | <u>1,135</u>                          |
| Consolidated liabilities |   |   |  |  | <u><u>39,220</u></u>                  |
| As at 31 March 2017      | Anti-aging and<br>stem cell<br>technology<br>businesses<br>Unaudited<br><i>HK\$'000</i> | Trading<br>business<br>Unaudited<br><i>HK\$'000</i> | Money<br>lending<br>business<br>Unaudited<br><i>HK\$'000</i> | Securities<br>investment<br>Unaudited<br><i>HK\$'000</i> | Total<br>Unaudited<br><i>HK\$'000</i> |
| Segment assets           | 26,022  | 39,117  | 225,872  | 3,220  | 294,231                               |
| Unallocated assets       |   |   |  |  | <u>116,424</u>                        |
| Consolidated assets      |   |   |  |  | <u><u>410,655</u></u>                 |
| Segment liabilities      | 37,096  | 718   | 917  | –  | 38,731                                |
| Unallocated liabilities  |   |   |  |  | <u>3,634</u>                          |
| Consolidated liabilities |   |   |  |  | <u><u>42,365</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:

|           | <b>Revenue by geographical<br/>markets for the six months<br/>ended 30 September</b> |                              |
|-----------|--|------------------------------|
|           | <b>2017</b>  | 2016                         |
|           | <b>Unaudited<br/><i>HK\$'000</i></b>   | Unaudited<br><i>HK\$'000</i> |
| Hong Kong | <b>11,046</b>  | 13,539                       |
| PRC       | <b>75,914</b>  | 51,635                       |
|           | <u><b>86,960</b></u>   | <u>65,174</u>                |

#### 4. REVENUE AND OTHER INCOME

|   | Three months ended<br>30 September |                               | Six months ended<br>30 September |                               |
|---|------------------------------------|-------------------------------|----------------------------------|-------------------------------|
|   | 2017<br>Unaudited<br>HK\$'000      | 2016<br>Unaudited<br>HK\$'000 | 2017<br>Unaudited<br>HK\$'000    | 2016<br>Unaudited<br>HK\$'000 |
| <b>Revenue</b>                                    |                                    |                               |                                  |                               |
| Anti-aging and stem cell technology<br>businesses | 787                                | 930                           | 1,747                            | 1,798                         |
| Trading business                                  | 37,578                             | 36,490                        | 74,167                           | 49,837                        |
| Money lending business                            | 5,301                              | 7,077                         | 11,046                           | 13,539                        |
|   | <u>43,666</u>                      | <u>44,497</u>                 | <u>86,960</u>                    | <u>65,174</u>                 |
| <b>Other income</b>                               |                                    |                               |                                  |                               |
| Interest income                                   | –                                  | –                             | 1                                | 1                             |
| Sundry income                                     | –                                  | 9                             | –                                | 18                            |
|   | <u>–</u>                           | <u>9</u>                      | <u>1</u>                         | <u>19</u>                     |

#### 5. LOSS BEFORE TAX

The loss before tax has been arrived after charging:

|  | Three months ended<br>30 September |                               | Six months ended<br>30 September |                               |
|--|------------------------------------|-------------------------------|----------------------------------|-------------------------------|
|  | 2017<br>Unaudited<br>HK\$'000      | 2016<br>Unaudited<br>HK\$'000 | 2017<br>Unaudited<br>HK\$'000    | 2016<br>Unaudited<br>HK\$'000 |
| Staff costs (including Directors' emoluments)                        |                                    |                               |                                  |                               |
| — salaries and allowance   | 2,739                              | 2,611                         | 5,620                            | 5,388                         |
| — contributions of defined contributions retirement benefits schemes | 118                                | 59                            | 180                              | 120                           |
|  | <u>2,857</u>                       | <u>2,670</u>                  | <u>5,800</u>                     | <u>5,508</u>                  |
| Depreciation of property, plant and equipment                        | 1,201                              | 1,658                         | 3,063                            | 3,343                         |
| Operating lease rentals in respect of rented premises                | 2,724                              | 2,576                         | 5,431                            | 5,159                         |
|  | <u>2,724</u>                       | <u>2,576</u>                  | <u>5,431</u>                     | <u>5,159</u>                  |

## 6. INCOME TAX (CREDIT)/EXPENSE

|                           | Three months ended<br>30 September |                               | Six months ended<br>30 September |                               |
|---------------------------|------------------------------------|-------------------------------|----------------------------------|-------------------------------|
|                           | 2017<br>Unaudited<br>HK\$'000      | 2016<br>Unaudited<br>HK\$'000 | 2017<br>Unaudited<br>HK\$'000    | 2016<br>Unaudited<br>HK\$'000 |
| Current tax               |                                    |                               |                                  |                               |
| Hong Kong                 | (241)                              | 506                           | –                                | 506                           |
| PRC enterprise income tax | –                                  | –                             | –                                | –                             |
|                           | <u>(241)</u>                       | <u>506</u>                    | <u>–</u>                         | <u>506</u>                    |

Hong Kong profit tax has been provided at the rate of 16.5% (2016: 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. DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2017 (2016: Nil).

## 8. EARNINGS/(LOSS) PER SHARE

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

|  | Three months ended<br>30 September |                      | Six months ended<br>30 September |                      |
|--|------------------------------------|----------------------|----------------------------------|----------------------|
|  | 2017<br>HK\$'000                   | 2016<br>HK\$'000     | 2017<br>HK\$'000                 | 2016<br>HK\$'000     |
| Earnings/(loss) for the period attributable to the owners of the Company | <u>52</u>                          | <u>814</u>           | <u>(752)</u>                     | <u>(2,312)</u>       |
| Weighted average number of ordinary shares in issue                      | <u>5,688,396,805</u>               | <u>4,740,332,805</u> | <u>5,688,396,805</u>             | <u>4,740,332,805</u> |

For the six months ended 30 September 2017 and 2016, the Company did not have any potential ordinary shares. Diluted earnings/(loss) per share was the same as the basic earnings/(loss) per share as there are no dilutive potential ordinary shares for the six months ended 30 September 2017 and 2016.

## 9. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the six months ended 30 September 2017, the Group did not acquire any items of furniture, fixtures and equipment. (2016: HK\$19,000) and dispose any furniture, fixtures and equipment during the six months ended 30 September 2016 and 2017.

During the six months ended 30 September 2017, the Group acquired investment properties with a consideration of approximately HK\$44 million (2016: nil). Details of the acquisition of investment properties were set out in the note 13.

## 10. TRADE AND OTHER RECEIVABLES

|   | <b>30 September<br/>2017<br/>Unaudited<br/>HK\$'000</b> | 31 March<br>2017<br>Audited<br>HK\$'000 |
|---|---|---|
| <b>Trade receivables, with ageing analysis:</b>   |   |   |
| 0–30 days   | <b>46,316</b>   | 52,989                                  |
| 31–60 days  | <b>695</b>  | 596                                     |
| Over 60 days                                      | <b>6,657</b>  | 2,088                                   |
|   | <hr/>   | <hr/>                                   |
| Total trade receivables                           | <b>53,668</b>   | 55,673                                  |
| Less: impairment loss                             | <b>(2,641)</b>  | (2,641)                                 |
|   | <hr/>   | <hr/>                                   |
| Total trade receivables, net of impairment losses | <b>51,027</b>   | 53,032                                  |
| Deposits and prepayments                          | <b>4,497</b>  | 4,705                                   |
| Loan receivables ( <i>Note</i> )                  | <b>176,925</b>  | 181,197                                 |
| Other receivables                                 | <b>2</b>  | 6                                       |
|   | <hr/>   | <hr/>                                   |
|   | <b>232,451</b>  | 238,940                                 |
|   | <hr/> <hr/>   | <hr/> <hr/>                             |

*Note:* As at 30 September 2017, loan receivables bore interest at the fixed rates of 10% to 12% (31 March 2017: 10% to 24%) per annum and are repayable within 12 months. During the six months ended 30 September 2017 and the year ended 31 March 2017, 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.

## 11. TRADE AND OTHER PAYABLES

|   | <b>30 September<br/>2017<br/>Unaudited<br/>HK\$'000</b> | 31 March<br>2017<br>Audited<br>HK\$'000 |
|---|---|---|
| <b>Trade payables, with ageing analysis:</b>        |   |   |
| 0–30 days   | –   | –                                       |
| 31–60 days  | –   | –                                       |
| Over 60 days  | <u>41</u>   | <u>41</u>                               |
| Total trade payables                                | 41  | 41                                      |
| Other payables and accruals                         | 9,179   | 12,324                                  |
| Amount due to minority shareholders of subsidiaries | <u>30,000</u>   | <u>30,000</u>                           |
|   | <u><b>39,220</b></u>                                    | <u><b>42,365</b></u>                    |

## 12. SHARE CAPITAL

|  | <b>Number of<br/>shares</b>  | <b>Amount<br/>HK\$'000</b> |
|--|------------------------------|----------------------------|
| Authorised:  |                              |                            |
| Ordinary shares of HK\$0.04 each   |                              |                            |
| At 1 April 2016  | 5,000,000,000                | 200,000                    |
| Increase in authorised share capital ( <i>note a</i> )                                 | <u>5,000,000,000</u>         | <u>200,000</u>             |
| As at 31 March 2017, 1 April 2017 and 30 September 2017                                | <u><u>10,000,000,000</u></u> | <u><u>400,000</u></u>      |
| Issued and fully paid:   |                              |                            |
| Ordinary shares of HK\$0.04 each   |                              |                            |
| At 1 April 2016  | 4,740,332,805                | 189,613                    |
| Issue of ordinary shares (the “ <b>Shares</b> ”) under share placing ( <i>note b</i> ) | <u>948,064,000</u>           | <u>37,923</u>              |
| As at 31 March 2017, 1 April 2017 and 30 September 2017                                | <u><u>5,688,396,805</u></u>  | <u><u>227,536</u></u>      |

### Notes:

- 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 Shares) to HK\$400,000,000 (divided into 10,000,000,000 Shares) by the creation of an additional 5,000,000,000 Shares.
- On 6 January 2017, 948,064,000 Shares were issued to placees at a total consideration of HK\$123,248,000, of which HK\$37,923,000 was credited to share capital account.

### 13. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

On 31 May 2017, Metropolitan Global Trading Limited (the “**Purchaser**”), a direct wholly-owned subsidiary of the Company, entered into the sale and purchase agreement (the “**Agreement**”) with, among other parties, Mr. Lam Wai Keung (the “**Vendor**”) and Honorbase International Limited (the “**Target Company**”) pursuant to which the Vendor agreed to sell the sale shares representing the entire issued share capital of the Target Company at the consideration of HK\$43,900,000 (the “**Acquisition**”). The Target Company is an investment holding company and the legal and beneficial owner of the property situated at Lantau Island, Hong Kong (the “**Property**”) and its principal assets were parcels of lands in Hong Kong. All the conditions precedent to the Agreement had been fulfilled and Completion took place on 7 June 2017. The transaction was accounted for as an asset acquisition as the Board considered that the assets acquired did not meet the definition of a business. Based on the valuation report dated 7 June 2017 prepared by an independent valuer, the market value of the Property was HK\$44,000,000 as at 31 May 2017. The Board is actively considering different plans for various possibilities on the Property but no conclusion has been reached yet. Details of the Acquisition were disclosed in the Company’s announcements dated 31 May 2017 and 7 June 2017.

The fair value of assets and liabilities recognized at the date of acquisition:

|   | <i>HK\$’000</i> |
|---|-----------------|
| Net assets acquired:                            |                 |
| Investment properties                           | 44,041          |
| Other payables                                  | (141)           |
|   | <hr/>           |
| Net assets                                      | 43,900          |
|   | <hr/>           |
| Satisfied by:                                   |                 |
| Deed of novation under the Agreement            | 41,259          |
| Cash consideration paid                         | 2,641           |
|   | <hr/>           |
|   | 43,900          |
|   | <hr/>           |
| Net cash outflow on acquisition of a subsidiary |                 |
| Consideration paid in cash                      | 2,641           |
|   | <hr/> <hr/>     |

### 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:

|                          | <b>Three months ended</b> |                 | <b>Six months ended</b> |                 |
|--------------------------|---------------------------|-----------------|-------------------------|-----------------|
|                          | <b>30 September</b>       |                 | <b>30 September</b>     |                 |
|                          | <b>2017</b>               | 2016            | <b>2017</b>             | 2016            |
|                          | <b>Unaudited</b>          | Unaudited       | <b>Unaudited</b>        | Unaudited       |
|                          | <b>HK\$’000</b>           | <b>HK\$’000</b> | <b>HK\$’000</b>         | <b>HK\$’000</b> |
| Short-term benefits      | <b>1,132</b>              | 1,013           | <b>2,160</b>            | 2,026           |
| Post-employment benefits | <b>5</b>                  | 5               | <b>9</b>                | 9               |
|                          | <hr/>                     | <hr/>           | <hr/>                   | <hr/>           |
|                          | <b>1,137</b>              | 1,018           | <b>2,169</b>            | 2,035           |
|                          | <hr/> <hr/>               | <hr/> <hr/>     | <hr/> <hr/>             | <hr/> <hr/>     |

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

For the six months ended 30 September 2017 (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.

### Anti-Aging and Stem Cell Technology Businesses

During the Period under review, the Group recorded a revenue from the anti-aging and stem cell technology businesses of approximately HK\$1.7 million (2016: HK\$1.8 million) and recorded a segmental loss of approximately HK\$7.9 million (2016: HK\$8.0 million). The loss was incurred mainly from the staff and related cost, rental expenses and depreciation. The Group continued to face the keen competition and high operating costs and the revenue was significantly affected by weak demand for the existing stem cell technology service.

In March 2016, the Group expanded its scope of the anti-aging and stem cell technology businesses into research and development area by entering into a technology development agreement (the “**Technology Development Agreement**”) with 厚樸生物科技(蘇州)有限公司 (Hope Bio-Tech (Suzhou) Co., Ltd.\*) (“**Hope Bio-Tech**”). Hope Bio-Tech is wholly-owned by Mr. David Lin Kao Kun, an executive Director, and his spouse, for the clinical application, technical redevelopment and commercialisation of two patents previously acquired in 2013. Through entering into the Technology Development Agreement, the Group aims to improve the patents and benefit from improving its product mix. The Group intends to concentrate its resources to develop the patent titled “method for constructing pancreatic stem cell line from human insulin and differentiating to insulin secretion cell” and believes that Hope Bio-Tech possesses the expertise and know-how to assist in the development and improvement of the patent.

### Trading Business

During the Period under review, the Group recorded a revenue from the trading business of approximately HK\$74.2 million (2016: HK\$49.8 million) and recorded a segmental loss of approximately HK\$0.1 million (2016: HK\$0.9 million). The loss was incurred mainly from the staff and related cost, rental expenses and depreciation. The Group will continue to attempt to broaden the customer base and diversify its trading products to increase the revenue stream and improve the financial performance.

\* for identification purposes only

## **Money Lending Business**

The Group commenced its money lending business through Asia Honest Finance Limited (“Asia Honest”), 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 2017, the loan receivables and interests receivables were approximately HK\$176.9 million (31 March 2017: HK\$181.2 million) and approximately HK\$12.9 million (31 March 2017: HK\$17.0 million) respectively. During the Period under review, the Group recorded a revenue from money lending business of approximately HK\$11.0 million (2016: HK\$13.5 million) and recorded a segmental gain before tax of approximately HK\$10.4 million (2016: HK\$13.0 million). The interest rate charged by the Group to customers ranging from 10% to 24% (2016: 10% to 24%) per annum. The Group continued to provide both secured and unsecured loans to customers, including individuals and corporations. The credit terms of outstanding loans granted by the Group to customers ranged from several months to one year. 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 reasonable returns.

## **Securities Investment**

As at 30 September 2017, the Group had held-for-trading investments in the listed company in Hong Kong of approximately HK\$5.9 million (31 March 2017: HK\$3.2 million). During the Period under review, the Group did not acquire or dispose of any held-for-trading investments and the fair value gain on held-for-trading investments was approximately HK\$2.7 million (2016: HK\$105,000). During the six months ended 30 September 2016, the realized loss on disposal of Hong Kong listed securities was approximately HK\$1.5 million. The Board will continue to monitor the market conditions and its performance.

## **Financial Review**

During the Period under review, the Group’s total revenue increased by 33.4% to approximately HK\$87.0 million (2016: HK\$65.2 million) as compared to last period. The significant increase in revenue was mainly derived from the trading business. The administrative and other operating expenses for the Period were approximately HK\$18.7 million (2016: HK\$20.3 million).

The loss for the Period was approximately HK\$1.5 million (2016: HK\$5.6 million). The loss for the Period attributable to owners of the Company was approximately HK\$0.8 million (2016: HK\$2.3 million) and the loss per share was 0.01 HK cents (2016: 0.05 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. In view of the growth potential in the PRC market, we intend to further develop our business in the PRC. 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 2017, the Group had net current assets approximately HK\$302.2 million (31 March 2017: HK\$343.2 million) and the cash and bank balances was approximately HK\$102.3 million (31 March 2017: HK\$142.6 million). The Group had no outstanding interest-bearing borrowings (31 March 2017: Nil). The gearing ratio of the Group, being the ratio of total liabilities to total assets, was approximately 9.6% (31 March 2017: 10.3%).

## **Capital Structure**

During the Period under review, the Group's total equity attributable to the owners of the Company amounted to HK\$414.7 million (31 March 2017: HK\$413.8 million). The equity of the Company mainly comprises share capital and capital reserves.

## **Material Events**

### *Acquisition of entire issued share capital of Honorbase International Limited*

On 31 May 2017, Metropolitan Global Trading Limited, a direct wholly-owned subsidiary of the Company, entered into the Agreement with, among other parties, the Vendor and Target Company pursuant to which the Vendor agreed to sell the sale shares representing the entire issued share capital of the Target Company at the consideration of HK\$43,900,000. The Target Company is an investment holding company and the legal and beneficial owner of the Property and is mainly designated for the development of private residential properties for sale. In view of the potential growth of the property market in Hong Kong, the Group believes that this is a good opportunity to acquire a small property for possible development or resale so as to enable a more diversified income for the Group and return for shareholders. As all the conditions precedent to the Agreement had been fulfilled and Completion took place on 7 June 2017. Details of the Acquisition were disclosed in the Company's announcements dated 31 May 2017 and 7 June 2017.

## Employee Information

As at 30 September 2017, the Group employed a total of 37 (31 March 2017: 43) 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\$5.8 million (2016: HK\$5.5 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 2017, the Group did not have any material charge on assets (31 March 2017: 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 2017, the Group did not have any material contingent liabilities (31 March 2017: Nil).

## OTHER INFORMATION

### Directors' and Chief Executive's Interests

As at 30 September 2017, 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*

| <b>Name of Director</b> | <b>Capacity</b>  | <b>Number of Shares Held</b> | <b>Percentage of Shares in issue<br/>(Approximate)</b> |
|-------------------------|------------------|------------------------------|--|
| Mr. David Lin Kao Kun   | Beneficial owner | 954,878,333                  | 16.79  |

Save as disclosed above, as at 30 September 2017, 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 2017, 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 2017 and 30 September 2017.

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 2017, 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 Shareholder                               | Capacity  | Number of Shares Held | Percentage of Shares in issue<br>(Approximate) |
|---|---|-----------------------|--|
| Mr. Lau Ngai Cheung<br>(Note 1)                   | Beneficial owner and interest of controlled corporation | 752,850,000           | 13.23  |
| Pacific Fortune Global Limited<br>(Note 1)        | Beneficial owner  | 474,032,000           | 8.33   |
| Primeshare Globe (Hong Kong) Inv.Co., Limited     | Beneficial owner  | 721,452,000           | 12.68  |
| Sheng Yuan Financial Services Group Limited       | Beneficial owner  | 371,286,903           | 6.53   |
| 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   |
| Full House Asset Management Company Limited       | Investment manager                                      | 340,600,000           | 5.99   |

### Notes:

- Mr. Lau Ngai Cheung has a direct 100% interest in Pacific Fortune Global Limited. Under the SFO, Mr. Lau Ngai Cheung is deemed to be interested in 474,032,000 Shares registered in the name of Pacific Fortune Global Limited.
- 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 2017, 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 2017, 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 2017.

## **Competing Interests**

As at 30 September 2017, 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 2017 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 15 September 2017 (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.

## **Changes 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:

Ms. Li Mei has resigned as an independent non-executive director of China Ocean Fishing Holdings Limited (stock code: 8047) with effect from 2 August 2017 and she ceased to be a licensed person under the SFO to carry on type 1 regulated activity (dealing in securities).

## **Audit Committee**

The Audit Committee comprises four independent non-executive Directors, namely, Mr. Hung Yat Ming, Mr. Chan Yun Hing, Mr. Gui Qiangfang and Mr. Zhang James Jian Yuan 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 2017

*As at the date of this announcement, the Board comprises (i) five executive Directors, namely Mr. David Lin Kao Kun, Mr. Lu Zhiqiang, Mr. Chui Kwong Kau, Ms. Li Mei and Dr. Sun Yu; (ii) one non-executive Director, namely Ms. Lam Kuo; and (iii) four independent non-executive Directors, namely Mr. Hung Yat Ming, Mr. Chan Yun Hing, Mr. Gui Qiangfang and Mr. Zhang James Jian Yuan.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at <http://www.hkgem.com> for a minimum period of seven days from the date of its publication and on the Company’s website at <http://www.hklifesciences.com>.*