



**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 Report

2014/15

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*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

For the six months ended 30 September 2014

The board of Directors (the “**Board**”) hereby submits the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2014, together with the unaudited comparative figures for the corresponding period in 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Three months ended 30 September		Six months ended 30 September	
		2014 Unaudited HK\$'000	2013 Unaudited HK\$'000	2014 Unaudited HK\$'000	2013 Unaudited HK\$'000
Continuing operations					
Turnover	4	31,184	1,359	267,921	31,412
Cost of sales		(24,725)	(931)	(254,920)	(26,681)
Gross profit		6,459	428	13,001	4,731
Gain on disposal of held-for-trading investments		-	2,060	-	2,456
Fair value change on held-for-trading investments		(11,427)	9,955	(26,473)	13,512
Other revenue and net income	4	980	1,943	2,038	3,565
Administrative and other operating expenses		(19,518)	(17,209)	(39,101)	(32,748)
Loss before tax	5	(23,506)	(2,823)	(50,535)	(8,484)
Income tax	6	-	-	-	-
Loss for the period from continuing operations		(23,506)	(2,823)	(50,535)	(8,484)
Discontinued operations					
Loss for the period from discontinued operations	7	-	(60,513)	-	(60,638)
Loss for the period		(23,506)	(63,336)	(50,535)	(69,122)
Other comprehensive income:					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange difference arising on translation of foreign operations		102	349	39	2,558
Total comprehensive income for the period		(23,404)	(62,987)	(50,496)	(66,564)

	Three months ended 30 September 2014		Six months ended 30 September 2014	
	Unaudited HK\$'000	2013 Unaudited HK\$'000	Unaudited HK\$'000	2013 Unaudited HK\$'000
Loss for the period attributable to:				
— owners of the Company	(21,299)	(35,490)	(45,958)	(39,526)
— non-controlling interests	(2,207)	(27,846)	(4,577)	(29,596)
	(23,506)	(63,336)	(50,535)	(69,122)
Total comprehensive income for the period attributable to:				
— owners of the Company	(21,197)	(35,402)	(45,919)	(37,995)
— non-controlling interests	(2,207)	(27,585)	(4,577)	(28,569)
	(23,404)	(62,987)	(50,496)	(66,564)
Loss per share:				
Basic and diluted (HK cents)		9		
From continuing and discontinued operations	(0.54)	(1.01)	(1.16)	(1.16)
From continuing operations	(0.54)	(0.01)	(1.16)	(0.12)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 September 2014 Unaudited HK\$'000	As at 31 March 2014 Audited HK\$'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment	10	22,868	23,529
Intangible assets		62,000	62,000
Goodwill		42,000	42,000
Available-for-sale investments		2,509	2,509
Deposits for acquisition of property, plant and equipment		29,680	29,658
TOTAL NON-CURRENT ASSETS		159,057	159,696
CURRENT ASSETS			
Inventories		2,103	11,163
Trade and other receivables	11	141,972	153,595
Held-for-trading investments		43,115	69,588
Cash and bank balances		43,430	47,718
TOTAL CURRENT ASSETS		230,620	282,064
CURRENT LIABILITIES			
Trade and other payables	12	60,208	63,737
TOTAL CURRENT LIABILITIES		60,208	63,737
NET CURRENT ASSETS		170,412	218,327
NON-CURRENT LIABILITIES			
Contingent consideration payable		31,167	31,167
TOTAL NON-CURRENT LIABILITIES		31,167	31,167
NET ASSETS		298,302	346,856
CAPITAL AND RESERVES			
Share capital	13	158,013	158,013
Reserves		174,415	218,392
Equity attributable to the owners of the Company		332,428	376,405
Non-controlling interests		(34,126)	(29,549)
TOTAL EQUITY		298,302	346,856

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 2013	131,678	448,577	(39,998)	15,445	4,473	(131,456)	428,719	35,279	463,998
Loss for the period	-	-	-	-	-	(39,526)	(39,526)	(29,596)	(69,122)
Exchange differences arising on translation of foreign operations	-	-	-	-	1,531	-	1,531	1,027	2,558
Total comprehensive income for the period	-	-	-	-	1,531	(39,526)	(37,995)	(28,569)	(66,564)
Issue of ordinary shares under share placing	26,335	76,222	-	-	-	-	102,557	-	102,557
Share option lapsed	-	-	-	(8,948)	-	8,948	-	-	-
Recognition of equity-settled share-based payments	-	-	-	1,344	-	-	1,344	-	1,344
At 30 September 2013	158,013	524,799	(39,998)	7,841	6,004	(162,034)	494,625	6,710	501,335
At 1 April 2014	158,013	524,799	(39,998)	971	(736)	(266,644)	376,405	(29,549)	346,856
Loss for the period	-	-	-	-	-	(45,958)	(45,958)	(4,577)	(50,535)
Exchange differences arising on translation of foreign operations	-	-	-	-	39	-	39	-	39
Total comprehensive income for the period	-	-	-	-	39	(45,958)	(45,919)	(4,577)	(50,496)
Recognition of equity-settled share-based payments	-	-	-	1,942	-	-	1,942	-	1,942
At 30 September 2014	158,013	524,799	(39,998)	2,913	(697)	(312,602)	332,428	(34,126)	298,302

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 September	
	2014 Unaudited HK\$'000	2013 Unaudited HK\$'000
Net cash flows (used in)/from operating activities	(3,162)	812
Net cash flows used in investing activities	(1,137)	(25,437)
Net cash flows from financing activities	–	102,557
Net (decrease)/increase in cash and cash equivalents	(4,299)	77,932
Effect of foreign exchange rate changes	11	1,179
Cash and cash equivalents at the beginning of the period	47,718	29,157
Cash and cash equivalents at the end of the period	43,430	108,268
Analysis of cash and cash equivalents		
Cash and bank balances	43,430	107,280
Cash in assets of discontinued operations and disposal group classified as held for sale	–	988
	43,430	108,268

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. The Group is principally engaged in (i) anti-aging and stem cell technology businesses; (ii) trading business; and (iii) money lending business.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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

The principal accounting policies used in the preparation of these unaudited consolidated financial statements are consistent with those applied in the preparation of the Group's annual financial statements for the year ended 31 March 2014 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.

As a result of the disposal of the equity interests in Qinghai Fuli Fenghuangshan Cemetery Company Limited* ("**Qinghai FL**") and Taiyuan City Wufuling Company Limited* ("**Taiyuan WFL**") on 15 October 2013, the Group discontinued all its funeral and related businesses. In accordance with HKFRS5 "Non-current Assets Held for Sale and Discontinued Operations", their unaudited consolidated financial results were therefore classified as discontinued operations and the comparative information has also been restated accordingly.

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 — provision of anti-aging healthcare and beauty service, health check service and distribution and sales of life sciences and biomedical products;
- (ii) trading business including sales of electronic components, cotton yarn and metals; and
- (iii) money lending business.

* For identification purpose only

Information regarding the above segments for the six months ended 30 September 2014 and 2013 are as follows:

(a) Segment revenues and results

For the six months ended 30 September 2014	Continuing operations			Discontinued operations		Total Unaudited HK\$'000
	Anti-aging & stem cell technology businesses Unaudited HK\$'000	Trading business Unaudited HK\$'000	Money lending business Unaudited HK\$'000	Total Unaudited HK\$'000	Funeral and related businesses Unaudited HK\$'000	
Revenue from external customers	8,644	252,132	7,145	267,921	-	267,921
Segments results	(14,302)	(6,479)	1,855	(18,926)	-	(18,926)
Fair value change on held-for-trading investments				(26,473)	-	(26,473)
Unallocated corporate income				7,003	-	7,003
Unallocated corporate expenses				(12,139)	-	(12,139)
Taxation				-	-	-
Loss for the period				(50,535)	-	(50,535)

For the six months ended 30 September 2013	Continuing operations			Discontinued operations		Total Unaudited HK\$'000
	Anti-aging & stem cell technology businesses Unaudited HK\$'000	Trading business Unaudited HK\$'000	Money lending business Unaudited HK\$'000	Total Unaudited HK\$'000	Funeral and related businesses Unaudited HK\$'000	
Revenue from external customers	4,876	26,536	-	31,412	21,189	52,601
Segments results	(14,547)	(682)	-	(15,229)	245	(14,984)
Impairment of goodwill				-	(8,888)	(8,888)
Impairment of property, plant and equipment				-	(49,682)	(49,682)
Fair value change on held-for-trading investments				13,512	-	13,512
Gain on disposal of held-for-trading investments				2,456	-	2,456
Unallocated corporate income				3,314	-	3,314
Unallocated corporate expenses				(12,537)	-	(12,537)
Finance costs				-	(1,743)	(1,743)
Taxation				-	(570)	(570)
Loss for the period				(8,484)	(60,638)	(69,122)

(b) Segment assets and liabilities

As at 30 September 2014	Anti-aging & stem cell technology businesses Unaudited HK\$'000	Trading business Unaudited HK\$'000	Money lending business Unaudited HK\$'000	Total Unaudited HK\$'000
Segment assets	25,076	47,055	97,074	169,205
Goodwill	42,000	-	-	42,000
Unallocated assets				178,472
Consolidated assets				389,677
Segment liabilities	52,216	421	24	52,661
Unallocated liabilities				38,714
Consolidated liabilities				91,375

As at 31 March 2014	Anti-aging & stem cell technology businesses Audited HK\$'000	Trading business Audited HK\$'000	Money lending business Audited HK\$'000	Total Audited HK\$'000
Segment assets	28,600	72,829	101,333	202,762
Goodwill	42,000	–	–	42,000
Unallocated assets				196,998
Consolidated assets				441,760
Segment liabilities	51,742	5,313	24	57,079
Unallocated liabilities				37,825
Consolidated liabilities				94,904

(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:

	Turnover by geographical markets for the six months ended 30 September	
	2014 Unaudited HK\$'000	2013 Unaudited HK\$'000
Hong Kong	14,061	4,876
PRC	253,860	47,725
	267,921	52,601

4. TURNOVER, OTHER REVENUE AND NET INCOME

	Three months ended 30 September		Six months ended 30 September	
	2014	2013	2014	2013
	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000
Continuing operations				
Turnover				
Anti-aging and stem cell technology businesses	4,096	1,359	8,644	4,876
Trading business	23,524	–	252,132	26,536
Money lending business	3,564	–	7,145	–
	31,184	1,359	267,921	31,412
Other revenue and net income				
Interest income	2	2	4	4
Loan interest income	975	1,939	1,951	3,560
Sundry income	3	2	83	1
	980	1,943	2,038	3,565

5. LOSS BEFORE TAX

The loss before tax has been arrived after charging:

	Three months ended 30 September		Six months ended 30 September	
	2014	2013	2014	2013
	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000
Continuing operations				
Staff costs (including Directors' emoluments)				
— salaries and allowance	7,135	5,865	14,912	11,345
— contributions of defined contributions retirement benefits schemes	935	300	1,111	455
	8,070	6,165	16,023	11,800
Depreciation of property, plant and equipment	1,992	1,761	3,825	3,581
Operating lease rentals in respect of rented premises	2,975	3,308	6,485	6,254
Share-based payments to consultants	971	672	1,942	1,344

6. INCOME TAX

Three months ended 30 September		Six months ended 30 September	
2014	2013	2014	2013
Unaudited	Unaudited	Unaudited	Unaudited
HK\$'000	HK\$'000	HK\$'000	HK\$'000

Continuing operations

Current tax

Hong Kong	-	-	-	-
PRC enterprise income tax	-	-	-	-
	-	-	-	-

No provision for Hong Kong profit tax and PRC enterprise income tax have been made for the six months ended 30 September 2014 as there was no estimated assessable profit for the period or had unused tax losses brought forward to offset against the current period's assessment profit (2013: Nil).

No deferred tax has been recognized for the period as there are no material temporary differences which will result in a liability to be payable in the foreseeable future and the stream of taxable profits which will be available to utilize the tax losses is unpredictable.

7. DISCONTINUED OPERATIONS AND DISPOSAL OF SUBSIDIARIES

On 24 July 2013, the Group disposed of 51% and 52% respectively of the fully paid up entire registered capital of Taiyuan WFL and Qinghai FL at a total consideration of HK\$33,000,000 (the "Disposal").

The Disposal constituted a major transaction under Chapter 19 of the GEM Listing Rules, which had been passed by the shareholders of the Company at the extraordinary general meeting held on 4 October 2013. The Disposal was completed on 15 October 2013. Details of the Disposal were disclosed in the Company's announcements dated 24 July 2013 and 4 October 2013 and the Company's circular dated 17 September 2013.

The unaudited consolidated results of the discontinued operations for the three months and six months ended 30 September 2013 are set out as below:

	Three months ended 30 September 2013 Unaudited HK\$'000	Six months ended 30 September 2013 Unaudited HK\$'000
Turnover	9,463	21,189
Cost of sales	(2,988)	(8,096)
Gross profit	6,475	13,093
Other revenue and net income	3	4
Impairment loss of goodwill	(8,888)	(8,888)
Impairment loss of property, plant and equipment	(49,682)	(49,682)
Administrative and other operating expenses	(7,091)	(12,852)
Finance costs	(817)	(1,743)
Loss before tax	(60,000)	(60,068)
Income tax	(513)	(570)
Loss for the period	(60,513)	(60,638)
Other comprehensive income:		
Exchange difference arising on translation of foreign operations	534	2,105
Total comprehensive income for the period	(59,979)	(58,533)
Loss for the period attributable to:		
— Owners of the Company	(35,319)	(35,389)
— Non-controlling interests	(25,194)	(25,249)
	(60,513)	(60,638)
Total comprehensive income for the period attributable to:		
— Owners of the Company	(35,045)	(34,311)
— Non-controlling interests	(24,934)	(24,222)
	(59,979)	(58,533)

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

	Three months ended 30 September 2013 Unaudited HK\$'000	Six months ended 30 September 2013 Unaudited HK\$'000
Staff costs (including Directors' emoluments)		
— salaries and allowance	1,894	4,048
— contributions of defined contributions retirement benefits schemes	22	164
	1,916	4,212
Depreciation of property, plant and equipment	2,092	3,882
Impairment loss of goodwill	8,888	8,888
Impairment loss of property, plant and equipment	49,682	49,682
Cash flows generated from discontinued operations		
		For the six months ended 30 September 2013 Unaudited HK\$'000
Operating activities		1,872
Investing activities		(618)
Financing activities		(1,743)
Net cash outflows		(489)

8. DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2014 (2013: Nil).

9. LOSS PER SHARE

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

	Three months ended		Six months ended	
	30 September		30 September	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the period attributable to the owners of the Company				
— from continuing operations	21,299	171	45,958	4,137
— from discontinued operations	—	35,319	—	35,389
— from continuing and discontinued operations	21,299	35,490	45,958	39,526
Weighted average number of ordinary shares for the purpose of basic loss per share	3,950,332,805	3,528,110,848	3,950,332,805	3,410,677,067

The diluted loss per share for the periods ended 30 September 2014 and 2013 has not been presented as the potential shares arising from the contingent consideration shares or the exercise and conversion 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

a. Acquisitions

During the six months ended 30 September 2014, the Group acquired items of property, plant and equipment with a cost of HK\$3,159,000 (2013: HK\$7,435,000).

b. Assets reclassified as held for sale and impairment losses

During the six months ended 30 September 2013, a number of items of plant and machinery were classified as assets held for sale, the Group assessed its recoverable amounts of those assets and as a result the carrying amount of the assets was written down to their recoverable amount HK\$54,539,000. An impairment loss of HK\$49,682,000 was recognized in the discontinued operations (note 7).

11. TRADE AND OTHER RECEIVABLES

	30 September 2014 Unaudited HK\$'000	31 March 2014 Audited HK\$'000
Trade receivables, with ageing analysis:		
0–30 days	5	1,030
31–60 days	–	21
Over 60 days	55	20
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Total trade receivables	60	1,071
Deposits and prepayments	19,504	10,094
Loan receivables (Note)	117,088	120,088
Other receivables	5,320	22,342
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	141,972	153,595
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Note: As at 30 September 2014, loan receivables were unsecured, bearing interest at the fixed rates of 12% to 24% (31 March 2014: 12% to 24%) per annum and repayable within 12 months. Except for a loan receivable with a carrying amount of approximately HK\$22 million was secured by parcels of lands. 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 2014 Unaudited HK\$'000	31 March 2014 Audited HK\$'000
Trade payables, with ageing analysis:		
0–30 days	2	26
31–60 days	2	2
Over 60 days	31	319
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Total trade payables	35	347
Other payables and accruals	29,923	33,140
Amount due to minority shareholders of subsidiaries	30,000	30,000
Amounts due to directors of subsidiaries	250	250
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	60,208	63,737
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13. SHARE CAPITAL

	Number of shares	Amount <i>HK\$'000</i>
Authorized (ordinary shares of HK\$0.04 each) At 31 March 2014 and 30 September 2014	5,000,000,000	200,000
Issued and fully paid (ordinary shares of HK\$0.04 each) At 31 March 2014 and 30 September 2014	3,950,332,805	158,013

14. RELATED PARTY TRANSACTIONS

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

Compensation of key management personnel

The remuneration of Directors during the period is as follows:

	Three months ended 30 September		Six months ended 30 September	
	2014 Unaudited <i>HK\$'000</i>	2013 Unaudited <i>HK\$'000</i>	2014 Unaudited <i>HK\$'000</i>	2013 Unaudited <i>HK\$'000</i>
Short-term benefits	973	896	1,951	1,936
Post-employment benefits	5	4	9	8
	978	900	1,960	1,944

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Continuing operations

Anti-Aging and Stem Cell Technology Businesses

The turnover of anti-aging and stem cell technology businesses for the six months ended 30 September 2014 amounted to approximately HK\$8,644,000 (2013: HK\$4,876,000) and recorded a segmental loss of approximately HK\$14,302,000 (2013: HK\$14,547,000). The loss was incurred mainly from the administrative and other operating 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 September 2012, 159 Group was granted a licence for the user right of stem cell technology. Application has been submitted to State Intellectual Property Office of the PRC for patent of the stem cell technology but has not yet been approved.

During the period under review, 159 Group recorded a turnover of approximately HK\$6,773,000 (2013: HK\$3,851,000) and loss of approximately HK\$9,341,000 (2013: HK\$8,870,000). The loss attributable to the Group for the period was approximately HK\$4,764,000 (2013: HK\$4,524,000). The loss was incurred mainly from the staff costs and rental expenses.

Pursuant to the sale and purchase agreement in relation to the acquisition of 159 Group, for the aggregated consideration of HK\$195 million (the “**Consideration**”), of which (i) HK\$40.8 million by means 136,000,000 consideration shares will be subject to the Consideration adjustments depending on whether the earnings before interests, taxes, depreciation and amortization (the “**EBITDA**”) can meet the target EBITDA (the “**Target EBITDA**”) in the respective guaranteed period. The Target EBITDA for guaranteed period A for the period ended 31 December 2013 (the “**Guaranteed Period A**”) and guaranteed period B for the period from 1 January 2014 to 31 December 2014 (the “**Guaranteed Period B**”) is HK\$15,300,000 and HK\$25,500,000 respectively; and (ii) HK\$113,333,333 consideration shares will be issued and allotted upon either the condition that the actual accumulative EBITDA achieved for Guaranteed Period A and Guaranteed Period B being not less than HK\$25,500,000 or the condition that the patent is obtained and the user right of stem cell technology granted remains fully effective. Details of the acquisition of 159 Group were disclosed in the Company’s announcements dated 4 September 2012, 6 September 2012, 11 September 2012 and 18 September 2012.

Due to the EBITDA was less than the Target EBITDA for the Guaranteed Period A, the vendor and/or the guarantor had elected to increase the Target EBITDA for the Guaranteed Period B, in order that the Company will not deduct from Consideration A the consideration shares equivalent to the shortfall for the Guaranteed Period A.

The anti-aging application with the stem cell technology is a fairly new service, the future of this business will depend on the success in achieving the market acceptance and customers' confidence for our products and services. The Group has entered into certain agency agreements with agents, pursuant to which the agents will promote and sell the Group's products and service in the PRC. The Board anticipates it will make help to explore prospective customers in the PRC. The Group will continue to explore various approaches to promote and publicize the anti-aging application and related service to encourage customers to use our products and services.

Biomedical and Life Sciences ("BALS")

The Group has entered into certain distribution agreements to acquire the exclusive right to import, market, distribute and sell the life sciences and biomedical products in Hong Kong and Macau through our BALS platform which has commenced its business operation in April 2013. During the period under review, BALS recorded a turnover of approximately HK\$143,000 (2013: HK\$1,025,000).

Other Business

The Group had acquired the entire interests of Shenzhen Sheng Li Hui Biotechnology Company Limited* and setting up certain PRC subsidiaries in the third quarter of 2013, which are principally engaged in the provision of health check and beauty service. During the period under review, the Group recorded a turnover of approximately HK\$1,728,000. The Group devoted to diversifying the revenue stream and introducing the anti-aging and stem cell products and service to new customers, the new operations will provide opportunities to increase customer base and create cross-sell opportunity for the Group.

Trading Business

The turnover of trading business for the six months ended 30 September 2014 amounted to approximately HK\$252,132,000 (2013: HK\$26,536,000) and recorded a segmental loss of approximately HK\$6,479,000 (2013: HK\$682,000). The significant growth in turnover was mainly due to the Group increased its sales of metals since the third quarter of 2013. The Group will continue to expand and diversify our trading products in order to increase its revenue stream and improve the financial performance.

Money Lending Business

During the period under review, the loan interests from money lending business were approximately HK\$7,145,000 (2013: Nil). The average interest rate charged by the Group was approximately 16% per annum. Customers included individual and corporation providing secured and unsecured loans. As at 30 September 2014, the loan receivables and interest receivables were approximately HK\$92,088,000 and HK\$4,718,000 respectively (31 March 2014: HK\$95,088,000 and HK\$1,019,000 respectively). The credit terms of outstanding loans granted by the Group to the customers ranged from three months to one year.

Loan Receivables

As at 30 September 2014, the Company had loan receivables of approximately HK\$25,000,000 (31 March 2014: HK\$25,000,000). During the period under review, the loan interests generated from loan receivables were approximately HK\$1,951,000 (2013: HK\$3,560,000).

Securities Investments

As at 30 September 2014, the Company had held-for-trading investments in the Hong Kong listed companies of approximately HK\$43,115,000 (31 March 2014: HK\$69,588,000). During the period under review, the Company recorded an unrealized loss of approximately HK\$26,473,000 (2013: unrealized gain of HK\$13,512,000) representing the fair value change of the held-for-trading investments. The Company did not record any gain or loss on disposal of held-for-trading investments (2013: gain of HK\$2,456,000). The Board will continue to monitor the market conditions and its performance.

Discontinued Operations

Funeral and Related Businesses

As a result of the disposal of Qinghai FL and Taiyuan WFL in October 2013, the Group discontinued all its funeral and related businesses and their results were therefore classified as discontinued operations. During the period under review, the Group did not record any turnover (2013: HK\$21,189,000) and profit or loss (2013: loss of HK\$60,638,000) from funeral and related businesses.

Financial Review

During the six months period under review, the Group recorded turnover of approximately HK\$267,921,000 (2013: HK\$31,412,000) from continuing operations. The significant increase in turnover was mainly derived from the trading business.

The administrative and other operating expenses for the period was approximately HK\$39,101,000 (2013: 32,748,000) from continuing operations, which included a non-cash expenses of HK\$1,942,000 (2013: HK\$1,344,000) relating to the share-based payments to certain consultants of the Company.

During the period under review, the loss from the continuing operations for the period was approximately HK\$50,535,000 (2013: HK\$8,484,000). The significant increase in loss from the continuing operations was mainly attributable to the held-for-trading investments incurred an unrealized loss of approximately HK\$26,473,000 (2013: unrealized gain of HK\$13,512,000) on the fair value change of held-for-trading investments. The loss for the period attributable to owners of the Company was approximately HK\$45,958,000 (2013: HK\$39,526,000) and the loss per share was 1.16 HK cents (2013: 1.16 HK cents).

Prospects

The Group will continue to focus on 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. We will continue to search and identify other products and service to our customers as well as explore other investment opportunities with growth potential to expand and diversify our business portfolios.

Liquidity and Financial Resources

As at 30 September 2014, the Group had net current assets approximately HK\$170,412,000 (31 March 2014: HK\$218,327,000) and the cash and bank balances was approximately HK\$43,430,000 (31 March 2014: HK\$47,718,000). The Group had no outstanding interest-bearing borrowings (31 March 2014: Nil). The gearing ratio of the Group, being the ratio of total liabilities to total assets, was approximately 23.4% (31 March 2014: 21.5%).

Capital Structure

During the six months ended 30 September 2014, there has been no change in the capital structure of the Company. The capital of the Company mainly comprises ordinary shares and capital reserves.

Material Event

Lease of property in Jiangxi and management agreement

On 4 April 2014, Wuyuan County Wuli Tianxi Hotel Company Limited* (“**Wuli Tianxi**”) entered into (i) the lease agreement with Wuyuan County Yuhe Property Development Company Limited* (“**Yuhe**”), pursuant to which Wuli Tianxi agreed to lease the property from Yuhe upon the terms and conditions set out in the lease agreement. The property is located in Jiangxi Province, PRC, which measures approximately 12,153.58 m² in gross floor area, consisting of a hotel building and 10 blocks of terrace villas; and (ii) the management agreement with Shenzhen Ruiyue Hotel Management Company Limited* (“**Ruiyue**”), pursuant to which Ruiyue agreed to provide hotel management service to Wuli Tianxi upon the terms and conditions set out in the management agreement. Wuli Tianxi employed Ruiyue as the sole manager in charge of managing the hotel during the effective period of the management agreement. Wuli Tianxi has commenced its trial operation in October 2014. Details of the lease agreement and management agreement were disclosed in the Company’s announcement dated 4 April 2014.

Litigation

On 14 March 2014, LST Operating Limited as the defendant and as the tenant, an indirect wholly-owned subsidiary of the Company, received an amended writ of summons in the High Court of the Hong Kong Special Administrative Region. Based on the statement of claims, the plaintiff as the landlord claimed against the defendant for the outstanding rent, service charges, rates, interest, costs and damages to be assessed. The defendant has filed a defence on 23 May 2014 which denied certain claims made by the plaintiff. Up to the date of this report, the vacant possession of the suit premises was delivered to the landlord and the parties are still in the settlement negotiations in order to resolve the disputes. The Directors assessed that the litigation would have no material impact to the financial position of the Company and the liability to the Company is remote.

Employee Information

As at 30 September 2014, the Group employed a total of 206 (31 March 2014: 136) 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\$16,023,000 (2013: HK\$16,012,000). The Group remunerates its employees based on their performance, qualification, experience and the prevailing industry practice.

Charge on Group Assets

As at 30 September 2014, the Group did not have any material charge on assets (31 March 2014: 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 2014, the Group did not have any material contingent liabilities (31 March 2014: Nil).

OTHER INFORMATION

Directors' and Chief Executive's Interests

As at 30 September 2014, 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 associated corporation (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 Directors	Capacity	Number of Shares Held	Percentage of Shares in issue <i>(Approximate)</i>
Mr. David Lin Kao Kun	Beneficial owner	80,000,000	2.03
Ms. Ding Xiaomei	Beneficial owner	77,284,000	1.96

Save as disclosed above, as at 30 September 2014, 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 reporting 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 an 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 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 1 August 2013 (the **"2013 AGM"**), the shareholders of the Company had approved the refreshment of the Share Option Scheme mandate limit in accordance with the Share Option Scheme and the GEM Listing Rules, thereby allowing the Company to grant further options for subscription of up to a total of 329,195,280 Shares, representing 10% of the 3,291,952,805 Shares in issue as at the date of the 2013 AGM.

On 3 January 2014, the Company granted an aggregate of 180,000,000 share options to eligible grantees under the Share Option Scheme to subscribe for an aggregate of 180,000,000 Shares at an exercise price of HK\$0.40 per Share.

No share options were exercised during the six months ended 30 September 2014. The outstanding share options were 180,000,000 as at 30 September 2014.

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.

The fair value of the share options granted was determined using the Binomial Option Pricing Model of valuation. In total, HK\$1,942,000 (2013: HK\$1,344,000) of the expense has been recognized in profit or loss for the six months ended 30 September 2014, the corresponding amount of which has been credited to share options reserve. No liabilities were recognized due to the share-based payments transactions.

Substantial Shareholders' Interests and Other Persons' Interests

As at 30 September 2014, so far as is known to the Directors and the Chief Executives, and based on the public records filed on the website of the Stock Exchange and records kept by the Company, the interests and short positions of the persons or corporations (other than the Directors and the Chief Executives) 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 substantial shareholders	Capacity	Number of Shares held	Number of underlying shares held (Note 1)	Total number of Shares and underlying shares held	Percentage of Shares in issue (Approximate)
Dr. Lin Xiongbin ("Dr. Lin")	Interest of controlled corporation	141,582,801 (L) (Note 2)	102,625,600 (L) (Note 1)	244,208,401 (L)	
		40,000,000 (S) (Note 2)	-	40,000,000 (S)	
	Interest of spouse	36,717,660 (L) (Note 3)	24,190,320 (L) (Note 1)	60,907,980 (L)	
		6,084,000 (S) (Note 3)		6,084,000 (S)	
				305,116,381 (L)	7.72 (L)
				46,084,000 (S)	1.17 (S)
Ms. Lin Liuyin ("Ms. Lin")	Beneficial owner	23,086,680 (L)	-	23,086,680 (L)	
		6,084,000 (S)	-	6,084,000 (S)	
	Interest of controlled corporation	13,630,980 (L)	24,190,320 (L) (Note 1)	37,821,300 (L)	
		244,208,401 (L) (Note 4)	-	244,208,401 (L)	
	Interest of spouse	40,000,000 (S) (Note 4)	-	40,000,000 (S)	
				305,116,381 (L)	7.72 (L)
			46,084,000 (S)	1.17 (S)	

Name of substantial shareholders	Capacity	Number of Shares held	Number of underlying shares held (Note 1)	Total number of Shares and underlying shares held	Percentage of Shares in issue (Approximate)
Stem Cells Anti-Aging Medicine Technologies Holdings Limited ("Stem Cells")	Beneficial owner	190,233,322 (L)	-	190,233,322 (L)	
		40,000,000 (S)	-	40,000,000 (S)	
	Interest of controlled corporation	-	146,608,000 (L) (Note 1)	146,608,000 (L)	
				336,841,322 (L) 40,000,000 (S)	8.53 (L) 1.01 (S)
Solar Might Investments Limited ("Solar Might")	Beneficial owner	239,074,333 (L)	-	239,074,333 (L)	
	Interest of controlled corporation	-	91,380,667 (L) (Note 1)	91,380,667 (L)	
				330,455,000 (L)	8.37 (L)
Mr. Deng Jun Jie ("Mr. Deng")	Interest of controlled corporation	239,074,333 (L)	91,380,667 (L) (Note 1)	330,455,000 (L)	8.37 (L)
Add Talent Holdings Limited ("Add Talent")	Beneficial owner	-	249,333,333 (L)	249,333,333 (L)	6.31 (L)

(L) denotes Long Position
(S) denotes Short Position

Notes:

- These underlying shares under this column were consideration shares, to be allotted and issued by the Company to Add Talent or its nominees upon fulfillment of the terms and conditions of the agreement. Add Talent was owned as to approximately 58.8% by Stem Cells and approximately 36.65% by Solar Might. Stem Cells was beneficially owned as to 70% by Dr. Lin and 16.5% by Ms. Lin. Solar Might was wholly and beneficially owned by Mr. Deng. Details of the consideration shares and the shareholding structure of Add Talent were disclosed in the Company's announcements dated 4 September 2012, 6 September 2012, 11 September 2012 and 18 September 2012.
- These Shares were registered in the name of Stem Cells which were beneficially owned as to 70% by Dr. Lin. Under the SFO, Dr. Lin was deemed to be interested in these Shares held by Stem Cells.
- These Shares were registered in the name of Ms. Lin who is the spouse of Dr. Lin. Under the SFO, Dr. Lin was deemed to be interested in these Shares held by Ms. Lin.
- These Shares were registered in the name of Stem Cells which were beneficially owned as to 70% by Dr. Lin who is the spouse of Ms. Lin. Under the SFO, Ms. Lin was deemed to be interested in these shares held by Stem Cells.

Save as disclosed above, as at 30 September 2014, the Directors were not aware of any other persons or corporations (other than the Directors and the Chief Executives) who had interest 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 2014, 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 2014.

Competing Interests

As at 30 September 2014, none of the Directors, controlling shareholders of the Company nor any of their respective 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.

Changes in Information of Directors

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, changes in information of Directors are set out below:

Name of Directors	Details of Changes
Mr. Lu Zhiqiang	has been appointed as a non-executive director of China New Energy Power Group Limited (stock code: 1041) with effect from 29 October 2014
Mr. Chi Chi Hung, Kenneth	has been appointed as an executive director of e-Kong Group Limited (stock code: 524) with effect from 26 September 2014

Corporate Governance Code Compliance

The Company has complied throughout the six months ended 30 September 2014 with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the “Code”) except the following:

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

Pursuant to code provision E.1.2 of the 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 an annual general meeting of the Company held on 4 August 2014 (the “AGM”) due to her other prior engagement. Ms. Lam Kuo invited Mr. Chui Kwong Kau, an executive Director to chair and answer questions at the AGM.

Pursuant to code provision A.6.7 of the Code, all non-executive Directors should attend general meeting. However, certain non-executive Directors were unable to attend the AGM due to their other prior engagements.

Audit Committee

The Audit Committee has four members comprising four independent non-executive Directors, namely Mr. Chi Chi Hung, Kenneth, Mr. Chan Yun Hing, Mr. Gui Qiangfang and Mr. Hung Yat Ming, with written terms of reference in compliance with the GEM Listing Rules. Mr. Chi Chi Hung, Kenneth is the chairman of the Audit Committee.

These unaudited consolidated results for the six months ended 30 September 2014 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, 13 November 2014

As at the date of this report, the Board comprises (i) six executive Directors, namely Mr. David Lin Kao Kun, Ms. Ding Xiaomei, Mr. Lu Zhiqiang, Mr. Chu Hon Pong, Mr. Chui Kwong Kau and Mr. Jiang Hongqing; (ii) one non-executive Director, namely Ms. Lam Kuo; and (iii) four independent non-executive Directors, namely Mr. Chi Chi Hung, Kenneth, Mr. Chan Yun Hing, Mr. Gui Qiangfang and Mr. Hung Yat Ming.