



**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

2018/19

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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

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 2018, together with the unaudited comparative figures for the corresponding period in 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three and six months ended 30 September 2018

	Note	Three months ended 30 September		Six months ended 30 September	
		2018 Unaudited HK\$'000	2017 Unaudited HK\$'000	2018 Unaudited HK\$'000	2017 Unaudited HK\$'000
Revenue	4	6,507	43,666	13,036	86,960
Cost of sales		–	(36,680)	(30)	(72,427)
Gross profit		6,507	6,986	13,006	14,533
(Loss)/gain on held-for-trading investments		(549)	1,764	178	2,660
Other income	4	1	–	1	1
Administrative and other operating expenses		(7,943)	(9,088)	(16,153)	(18,736)
Reversal of impairment loss/impairment loss on trading receivables, loan receivables and loan interest receivables		1,118	–	6,646	–
(Loss)/profit before tax	5	(866)	(338)	3,678	(1,542)
Income tax	6	–	241	–	–
(Loss)/profit for the period		(866)	(97)	3,678	(1,542)
Other comprehensive (expense)/ income:					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange difference arising on translation of foreign operations		(1,549)	802	(3,512)	1,642
Total comprehensive (expense)/ income for the period		(2,415)	705	166	100

	Note	Three months ended 30 September		Six months ended 30 September	
		2018 Unaudited HK\$'000	2017 Unaudited HK\$'000	2018 Unaudited HK\$'000	2017 Unaudited HK\$'000
(Loss)/profit for the period attributable to:					
— owners of the Company		(855)	52	3,704	(752)
— non-controlling interests		(11)	(149)	(26)	(790)
		(866)	(97)	3,678	(1,542)
Total comprehensive (expense)/income for the period attributable to:					
— owners of the Company		(2,404)	854	192	890
— non-controlling interests		(11)	(149)	(26)	(790)
		(2,415)	705	166	100
(Loss)/earnings per share:					
Basic and diluted (HK cents)	8	0.02	0.01	0.06	(0.01)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 September 2018 Unaudited HK\$'000	As at 31 March 2018 Audited HK\$'000
	<i>Note</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	9	1,175	1,880
Investment properties	9	45,000	45,000
TOTAL NON-CURRENT ASSETS		46,175	46,880
CURRENT ASSETS			
Trade and other receivables	10	180,730	182,659
Held-for-trading investments		8,466	6,020
Tax in advance		8	103
Cash and bank balances		90,907	94,284
TOTAL CURRENT ASSETS		280,111	283,066
CURRENT LIABILITIES			
Trade and other payables	11	39,107	40,783
TOTAL CURRENT LIABILITIES		39,107	40,783
NET CURRENT ASSETS		241,004	242,283
NET ASSETS		287,179	289,163
CAPITAL AND RESERVES			
Share capital	12	227,536	227,536
Reserves		105,996	107,954
Equity attributable to the owners of the Company		333,532	335,490
Non-controlling interests		(46,353)	(46,327)
TOTAL EQUITY		287,179	289,163

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the owners of the Company							Non-controlling interests Unaudited HK\$'000	Total equity Unaudited HK\$'000
	Share capital Unaudited HK\$'000	Share premium Unaudited HK\$'000	Special reserve Unaudited HK\$'000	Translation reserve Unaudited HK\$'000	Accumulated losses Unaudited HK\$'000	Total Unaudited HK\$'000			
	At 1 April 2017	227,536	675,345	(39,998)	(4,621)	(444,472)	413,790		
Loss for the period	-	-	-	-	(752)	(752)	(790)	(1,542)	
Exchange differences arising on translation of foreign operations	-	-	-	1,642	-	1,642	-	1,642	
Total comprehensive income/(expense) for the period	-	-	-	1,642	(752)	890	(790)	100	
At 30 September 2017	227,536	675,345	(39,998)	(2,979)	(445,224)	414,680	(46,290)	368,390	
At 1 April 2018	227,536	675,345	(39,998)	(721)	(526,672)	335,490	(46,327)	289,163	
Adjustments on initial application of HKFRS9 (note 2)	-	-	-	-	(2,150)	(2,150)	-	(2,150)	
At 1 April 2018 (adjusted)	227,536	675,345	(39,998)	(721)	(528,822)	333,340	(46,327)	287,013	
Profit for the period	-	-	-	-	3,704	3,704	(26)	3,678	
Exchange differences arising on translation of foreign operations	-	-	-	(3,512)	-	(3,512)	-	(3,512)	
Total comprehensive (expense)/income for the period	-	-	-	(3,512)	3,704	192	(26)	166	
At 30 September 2018	227,536	675,345	(39,998)	(4,233)	(525,118)	333,532	(46,353)	287,179	

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended	
	30 September	
	2018	2017
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Net cash (used in)/generated from:		
Operating activities	(3,508)	(39,196)
Investing activities	(55)	(2,640)
Financing activities	–	–
Net decrease in cash and cash equivalents	(3,563)	(41,836)
Cash and cash equivalents at the beginning of the period	94,284	142,619
Effect of foreign exchange rate changes	186	1,545
Cash and cash equivalents at the end of the period	90,907	102,328
Analysis of cash and cash equivalents		
Cash and bank balances	90,907	102,328

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS:

1. GENERAL INFORMATION

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

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

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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

The principal accounting policies used in the preparation of these unaudited consolidated financial statements are consistent with those applied in the preparation of the Group's annual financial statements for the year ended 31 March 2018 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 Group has applied for the first time in the current period as described below.

Impact and changes in accounting policies of application on HKFRS 9 "Financial instruments"

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, de-recognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 from 1 April 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. As permitted by the transitional provisions of HKFRS 9, the Group has elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening accumulated losses of the current period.

From 1 April 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, loan receivable and loan interest receivables, the Group applies the general approach, which requires an amount equal to 12-month expected credit losses (the "ECL") to be recognised as the loss allowance for the financial instrument if the credit risk on a financial instrument has not increased significantly since initial recognition and expected lifetime losses to be recognised if the credit risk on that financial instrument has increased significantly since initial recognition.

The table below illustrates the classification and measurement (including impairment) of financial assets under HKFRS 9 at the date of initial recognition.

	Trade receivables <i>HK\$'000</i>	Loan interest receivables <i>HK\$'000</i>	Loan receivables <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>
Closing balances at 31 March 2018	40,688	9,691	127,925	526,672
Remeasurement: Impairment under ECL model	(142)	(147)	(1,861)	2,150
Opening balance at 1 April 2018	40,546	9,544	126,064	528,822

As a result of this change in accounting policy, the additional credit loss allowance of approximately HK\$2.2 million has been recognized in accumulated losses at 1 April 2018.

All loss allowances of financial assets including trade receivables and loans interest receivables and loan receivable as at 31 March 2018 reconcile to the opening loss allowances as at 1 April 2018 is as follows:

	Trade receivables <i>HK\$'000</i>	Loan interest receivables <i>HK\$'000</i>	Loan receivables <i>HK\$'000</i>
Accumulated impairment losses balances at 31 March 2018		577	7,653
Addition credit loss recognized at 31 March 2018		142	147
Loss allowance at 1 April 2018 under HKFRS 9		719	7,800

Save for the above, 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, of the Group's various lines of business and geographical locations..

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

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

Information regarding the above segments for the six months ended 30 September 2018 and 2017 are as follows:

(a) Segment revenues and results

For the six months ended 30 September 2018	Anti-aging and stem cell technology businesses Unaudited HK\$'000	Trading business Unaudited HK\$'000	Money lending business Unaudited HK\$'000	Securities investment business Unaudited HK\$'000	Total Unaudited HK\$'000
Revenue from external customers	2,143	-	10,893	-	13,036
Segments results	(5,658)	(1,423)	10,076	178	3,173
Reversal of impairment loss/ impairment loss on trade receivables, loan receivable and loan interest receivables					6,646
Unallocated corporate income					-
Unallocated corporate expenses					(6,141)
Profit before tax					3,678
For the six months ended 30 September 2017	Anti-aging and stem cell technology businesses Unaudited HK\$'000	Trading business Unaudited HK\$'000	Money lending business Unaudited HK\$'000	Securities investment business Unaudited HK\$'000	Total Unaudited HK\$'000
Revenue from external customers	1,747	74,167	11,046	-	86,960
Segments results	(7,863)	(104)	10,387	2,660	5,080
Unallocated corporate income					1
Unallocated corporate expenses					(6,623)
Loss before tax					(1,542)

(b) Segment assets and liabilities

As at 30 September 2018	Anti-aging and stem cell technology businesses Unaudited HK\$'000	Trading business Unaudited HK\$'000	Money lending business Unaudited HK\$'000	Securities investment business Unaudited HK\$'000	Total Unaudited HK\$'000
Segment assets	4,147	37,090	149,727	8,466	199,430
Unallocated assets					126,856
<hr/>					
Consolidated assets					326,286
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Segment liabilities	36,691	757	266	-	37,714
Unallocated liabilities					1,393
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Consolidated liabilities					39,107
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As at 31 March 2018	Anti-aging and stem cell technology businesses Unaudited HK\$'000	Trading business Unaudited HK\$'000	Money lending business Unaudited HK\$'000	Securities investment business Unaudited HK\$'000	Total Unaudited HK\$'000
Segment assets	5,987	42,200	138,976	6,020	193,183
Unallocated assets					136,763
<hr/>					
Consolidated assets					329,946
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Segment liabilities	37,490	847	817	-	39,154
Unallocated liabilities					1,629
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Consolidated liabilities					40,783
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(c) **Geographical information**

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

	Revenue by geographical markets for the six months ended 30 September	
	2018	2017
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Hong Kong	11,143	11,046
PRC	1,893	75,914
	13,036	86,960

4. REVENUE AND OTHER INCOME

	Three months ended 30 September		Six months ended 30 September	
	2018	2017	2018	2017
	Unaudited	Unaudited	Unaudited	Unaudited
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue				
Anti-aging and stem cell technology businesses	855	787	2,143	1,747
Trading business	–	37,578	–	74,167
Money lending business	5,652	5,301	10,893	11,046
	6,507	43,666	13,036	86,960
Other income				
Interest income	1	–	1	1
Sundry income	–	–	–	–
	1	–	1	1

5. (LOSS)/PROFIT BEFORE TAX

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

	Three months ended 30 September 2018		Six months ended 30 September 2018	
	Unaudited HK\$'000	2017 Unaudited HK\$'000	Unaudited HK\$'000	2017 Unaudited HK\$'000
Staff costs (including Directors' emoluments)				
— salaries and allowance	2,734	2,739	5,659	5,620
— contributions of defined contributions retirement benefits schemes	165	118	226	180
	2,899	2,857	5,885	5,800
Depreciation of property, plant and equipment	297	1,201	663	3,063
Reversal of impairment loss/ impairment loss on trade receivables, loan receivable and loan interest receivables	(1,118)	—	(6,646)	—
Operating lease rentals in respect of rented premises	2,811	2,724	5,591	5,431

6. INCOME TAX

	Three months ended 30 September 2018		Six months ended 30 September 2018	
	Unaudited HK\$'000	2017 Unaudited HK\$'000	Unaudited HK\$'000	2017 Unaudited HK\$'000
Current tax				
Hong Kong	—	(241)	—	—
PRC enterprise income tax	—	—	—	—
	—	(241)	—	—

Hong Kong Profit tax is calculated on the basis at 8.25% of the estimated assessable profits up to HK\$2,000,000 and 16.5% on any part of the estimated assessable profit over HK\$2,000,000 for the period (2017: 16.5%).

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 2018 (2017: Nil).

8. (LOSS)/EARNINGS PER SHARE

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

	Three months ended 30 September 2018		Six months ended 30 September 2018	
	HK\$'000	2017 HK\$'000	HK\$'000	2017 HK\$'000
(Loss)/earnings for the period attributable to the owners of the Company	(855)	52	3,704	(752)
Weighted average number of ordinary shares in issue	5,688,396,805	5,688,396,805	5,688,396,805	5,688,396,805

For the six months ended 30 September 2018 and 2017, the Company did not have any potential ordinary shares. Diluted (loss)/earnings per share was the same as the basic (loss)/earnings per share as there are no dilutive potential ordinary shares for the six months ended 30 September 2018 and 2017.

9. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the six months ended 30 September 2018, the Group acquired items of property, plant and equipment of HK\$56,000 (2017: nil) and did not dispose any property, plant and equipment.

During the six months ended 30 September 2018, the Group did not acquire any investment properties (2017: HK\$44.0 million).

10. TRADE AND OTHER RECEIVABLES

	30 September 2018 Unaudited HK\$'000	31 March 2018 Audited HK\$'000
Trade receivables (Note a)	35,463	40,688
Loan interest receivables (Note b)	4,730	9,691
Deposits and prepayments	4,211	4,349
Loan receivables (Note c)	136,320	127,925
Other receivables	6	6
	180,730	182,659

Note:

(a) Trade receivables

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

	30 September 2018 Unaudited HK\$'000	31 March 2018 Audited HK\$'000
0–30 days	44	40,649
31–60 days	31	10
Over 60 days	36,711	606
	<hr/>	<hr/>
Total trade receivables	36,786	41,265
Less: accumulated impairment losses	(1,323)	(577)
	<hr/>	<hr/>
Total trade receivables, net of impairment losses	35,463	40,688

(b) Loan interest receivables

The analysis of loan interest receivables by age based on the contractual due date at the end of reporting period is as follows:

	30 September 2018 Unaudited HK\$'000	31 March 2018 Audited HK\$'000
0–30 days	4,812	15,082
31–60 days	–	49
Over 60 days	2,125	2,213
	<hr/>	<hr/>
Total loan interest receivables	6,937	17,344
Less: accumulated impairment losses	(2,207)	(7,653)
	<hr/>	<hr/>
Total loan interest receivables, net of impairment losses	4,730	9,691

(c) **Loan receivables**

	30 September 2018 Unaudited HK\$'000	31 March 2018 Audited HK\$'000
Loan receivables	211,524	202,925
Less: accumulated impairment losses	(75,204)	(75,000)
Total loan receivable, net of impairment losses	136,320	127,925

The analysis of loan receivables by age based on the contractual due date at the end of the reporting period is as follows:

	30 September 2018 Unaudited HK\$'000	31 March 2018 Audited HK\$'000
Neither past due nor impaired	116,320	127,925
Past due but not impaired		
0 to 3 months	20,000	–
Over 3 months	–	–
Over 6 months	–	–
Total loan receivables, net of impairment losses	136,320	127,925

The loan receivables that were past due but not impaired relate to a number of customers which have been fully settled the outstanding interest subsequent to the reporting period and the these loans have subsequently been further extended for one year.

As at 30 September 2018 and 31 March 2018, loan receivables bore interest at the fixed rates of 10% to 12% per annum and are repayable within 12 months. All loan receivables were unsecured. The Directors assessed the collectability of loans receivables from time to time individually with reference to borrowers' past collection history and current creditworthiness.

11. TRADE AND OTHER PAYABLES

	30 September 2018 Unaudited HK\$'000	31 March 2018 Audited HK\$'000
Trade payables, with ageing analysis:		
0–30 days	–	–
31–60 days	–	–
Over 60 days	41	41
<hr/>		
Total trade payables	41	41
Other payables and accruals	9,066	10,742
Amount due to minority shareholders of subsidiaries	30,000	30,000
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	39,107	40,783

12. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.04 each		
At 1 April 2017, 31 March 2018 and 1 April 2018	10,000,000,000	400,000
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As at 30 September 2018	10,000,000,000	400,000
<hr/>		
Issued and fully paid:		
Ordinary shares of HK\$0.04 each		
At 1 April 2017, 31 March 2018 and 1 April 2018	5,688,396,805	227,536
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As at 30 September 2018	5,688,396,805	227,536

13. 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 2018		Six months ended 30 September 2018	
	Unaudited HK\$'000	2017 Unaudited HK\$'000	Unaudited HK\$'000	2017 Unaudited HK\$'000
Short-term benefits	1,074	1,132	2,199	2,160
Post-employment benefits	9	5	18	9
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	1,083	1,137	2,217	2,169

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the six months ended 30 September 2018 (the “**Period**”), the Group was principally engaged in (i) anti-aging and stem cell technology businesses; (ii) trading business; (iii) money lending business; and (iv) securities investment business.

Anti-Aging and Stem Cell Technology Businesses

During the Period under review, the Group recorded a revenue from the anti-aging and stem cell technology businesses of approximately HK\$2.1 million (2017: HK\$1.7 million) and recorded a segmental loss of approximately HK\$5.7 million (2017: HK\$7.9 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 stem cell technology acquired in 2013. The Group has imposed tight costs control to cope with the changing business environment.

In the past years, the Group carried out various expansion plans for its investment in the anti-aging and stem cell technology businesses. In September 2012, the Group successfully completed the acquisition of 51% of equity interest in 159 Regenerative Medicine Group (H.K.) Limited and its subsidiaries (collectively, “**159 Group**”). 159 Group was granted a licence for the user right of hematopoietic stem cell technology. Further to the business development, the Group further acquired certain exclusive licences on certain patents in 2013.

However, the Group has taken a more prudent approach in the sales and application of hematopoietic stem cell technology after a beauty treatment death case in Hong Kong of another market player in about late 2012. Instead, 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**”) in March 2016, for the clinical application, technical redevelopment and the commercialisation of two patents previously acquired in 2013. The Technology Development Agreement was terminated after its initial term on 18 March 2017 given the parties could not reach a mutual agreement on the research and development fee. Also, the Group decided to delay in its development plan pending the outcome of the criminal trial of the said beauty treatment death case of another market player and any possible tightening of then existing regulations by the Government.

The Board expects that, in the short term, any proposed tightening of existing regulatory regime may affect our financial performance of the anti-aging and stem cell technology businesses of the Group, but the Group aims to provide higher quality services and regenerative stem cell therapies to our customer in the future with our continuous efforts. We believe that is conducive to the long-term growth and sustainable development of the Group as a whole and will enhance long-term shareholders’ value. Nevertheless, we have ongoing efforts in research and development of new products and services during the past years, the Group has continuously been identifying suitable opportunities or upgrade of our existing products.

* for identification purposes only

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

After the High Court of Hong Kong delivered the judgment on the beauty treatment death case of another market player in December 2017, the Group has re-assessed the existing anti-aging and stem cell technology business. The Group has also had in-depth reviews over the regulatory environment in Hong Kong and noted the Hong Kong Government has issued consultation document on 3 April 2018 and consultation report on 30 April 2018 on regulation of advanced therapy products (“**ATP**”), which may affect the Group’s existing anti-aging and stem cell technology business.

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

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

The Group intends to upgrade the existing laboratory and/or establish one new laboratory in Hong Kong that will meet the new requirements and continues to expand our technical team to maintain the necessary standards and expand our marketing for business growth. Meanwhile, the Group will continue to focus on further expansion and development of the anti-aging and stem cell technology businesses of the Group and we believe this will become the key driving business of the Group. The Group will further review the operations, and assess the future growth potential and formulate proper future business strategies.

Trading Business

During the Period under review, the Group did not recorded any revenue from the trading business (2017: HK\$74.2 million) and recorded a segmental loss of approximately HK\$1.4 million (2017: HK\$0.1 million). The loss was incurred mainly from the staff and related cost, rental expenses and depreciation.

In view of the global trade wars among many principal countries and regions, it may have negative impacts to the trading activities where potential customers may cancel their planned orders or sources from other regions to minimize their risks from the global trade wars. The potential consequences of the trade wars are still uncertain, it has put our trading business at a further disadvantage and may have a negative impact on the revenue.

The Group has received new orders from a customer in the third quarter period and it will generate recurring business. Furthermore, the Group is recently negotiating with certain healthcare manufacturers and distributors for the acquisition the right to import, market, distribute and sell their healthcare products in Hong Kong and/or the PRC. It is expected that the definitive agreement and the first order will be completed on or before early December 2018. The Group will continue to attempt to broaden the customer base and diversify our trading products to increase its revenue stream and improve the financial performance. The management will pay close attention to the market situations and make necessary adjustments to our strategies and operations.

Money Lending Business

The Group commenced its money lending business through Asia Honest Finance Limited, a direct wholly-owned subsidiary of the Company, which holds a money lenders licence under the Money Lenders Ordinance (Cap. 163, Laws of Hong Kong). As at 30 September 2018, the loan receivables and interests receivables (net of impairment loss) were approximately HK\$136.3 million (31 March 2018: HK\$127.9 million) and approximately HK\$4.7 million (31 March 2018: HK\$9.7 million) respectively. During the Period under review, the Group recorded a revenue from money lending business of approximately HK\$10.9 million (2017: HK\$11.0 million) and recorded a segmental gain before tax of approximately HK\$10.1 million (2017: HK\$10.4 million). The interest rate charged by the Group to customers ranging from 10% to 12% (2017: 10% to 24%) per annum. The Group continued loans to individuals and corporate customers. The credit terms of outstanding loans granted by the Group to customers ranged from several months to one year. The management assessed the collectability of loans receivables from time to time individually with reference to borrowers' past collection history and current creditworthiness. During the Period, the reversal of impairment loss/impairment loss on loan receivables and loan interest receivables were approximately HK\$7.0 million and no other impairment allowance is necessary in respect of the loan receivables and loan interest receivables as there has not been a significant deterioration in the credit risk and the balances are still considered to be fully recoverable. In view of significant demand in the market, the Group intends to maintain the loan portfolio with a prudent manner in order to generate a healthy cash flow and steady returns.

Securities Investment Business

As at 30 September 2018, the Group had held-for-trading investments in the listed company in Hong Kong of approximately HK\$8.5 million (31 March 2018: 6.0 million). During the Period under review, the Group record the loss on disposal of held-for-trading investment of approximately HK\$0.67 million (2017: Nil) and the fair value gain on held-for-trading was approximately HK\$0.84 million (2017: HK\$2.7 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 decreased by 85.0% to approximately HK\$13.0 million (2017: HK\$87.0 million) as compared to last period. The significant decrease in revenue was mainly derived from the trading business. The administrative and other operating expenses for the Period were approximately HK\$16.2 million (2017: HK\$18.7 million).

The profit for the Period was approximately HK\$3.7 million (2017: loss of HK\$1.5 million). The profit for the Period attributable to owners of the Company was approximately HK\$3.7 million (2017: loss of HK\$0.8 million) and the earnings per share was 0.06 HK cents (2017: loss of 0.01 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 2018, the Group had net current assets approximately HK\$241.0 million (31 March 2018: HK\$242.3 million) and the cash and bank balances was approximately HK\$90.9 million (31 March 2018: HK\$94.3 million). The Group had no outstanding interest-bearing borrowings (31 March 2018: Nil). The gearing ratio of the Group, being the ratio of total liabilities to total assets, was approximately 12.0% (31 March 2018: 12.4%).

Capital Structure

During the Period under review, the Group's total equity attributable to the owners of the Company amounted to HK\$333.5 million (31 March 2018: HK\$335.5 million). The equity of the Company mainly comprises share capital and capital reserves.

Employee Information

As at 30 September 2018, the Group employed a total of 34 (31 March 2018: 39) full-time employees in the PRC and Hong Kong. During the Period under review, the total remuneration to employees, including Directors' emoluments and retirement benefits amounted to approximately HK\$5.9 million (2017: HK\$5.8 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 2018, the Group did not have any material charge on assets (31 March 2018: 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 2018, the Group did not have any material contingent liabilities (31 March 2018: Nil).

OTHER INFORMATION

Directors' and Chief Executive's Interests

As at 30 September 2018, the interests and short positions of the Directors and chief executives of the Company (the "**Chief Executives**") in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("**SFO**")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange, were as follows:

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

Name of Director	Capacity/ Nature of interest	Number of Shares held	Percentage of Shares in issue <i>(Approximate)</i>
Mrs. Cheung Fan Karen (" Mrs. Cheung ") <i>(Note)</i>	Beneficial owner/ family interest	756,850,000	13.31

Note:

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

Save as disclosed above, as at 30 September 2018, none of the Directors and the Chief Executives had any other interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

Directors' Rights to Acquire Shares or Debentures

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

Share Option Scheme

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

At the annual general meeting of the Company held on 7 August 2015 (the "**2015 AGM**"), the shareholders of the Company had approved the refreshment of the Share Option Scheme mandate limit in accordance with the Share Option Scheme and the GEM Listing Rules. As at 30 September 2018, 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 2018 and 30 September 2018.

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 2018, so far as was known to the Directors, the following persons/entities (other than the Directors or chief executives of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of Shareholders	Capacity/ Nature of interest	Number of Shares held	Percentage of Shares in issue <i>(Approximate)</i>
Mr. David Lin Kao Kun	Beneficial owner	1,054,330,333	18.53
Mr. Lau <i>(Note 1)</i>	Beneficial owner, family interest and interest of controlled corporation	756,850,000	13.31
Pacific Fortune Global Limited <i>(Note 1)</i>	Beneficial owner	474,032,000	8.33
Primeshare Globe (Hong Kong) Inv. Co., Limited	Beneficial owner	721,452,000	12.68
A Plus Capital Management Limited <i>(Note 2)</i>	Investment manager	320,800,000	5.64
Tiger Capital Fund SPC — Tiger Global SP <i>(Note 2)</i>	Beneficial owner	320,800,000	5.64
Full House Asset Management Company Limited	Investment manager	340,600,000	5.99

Notes:

- Mr. Lau is deemed to be interested in a total of 756,850,000 Shares of which 4,000,000 Shares are held by Mrs. Cheung and 752,850,000 Shares are held by Mr. Lau and Pacific Fortune Global Limited. Mr. Lau has a direct 100% interest in Pacific Fortune Global Limited. By virtue of the SFO, Mr. Lau is deemed to be interested in 474,032,000 Shares registered in the name of Pacific Fortune Global Limited. Mrs. Cheung is the spouse of Mr. Lau, therefore, Mr. Lau is deemed to be interested in all of the Shares owned by Mrs. Cheung.
- 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 2018, 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 2018, 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 2018.

Competing Interests

As at 30 September 2018, 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 2018 with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") except the following:

Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Following the retirement of Ms. Lam Kuo on 7 September 2018, the chairman of Board is vacated and the Board intends to identify suitable candidate to fill the vacancy.

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 7 September 2018 (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 was the chairman of the Board and she was unable to attend the AGM due to her other prior engagement. Ms. Lam Kuo invited Mr. Chui Kwong Kau, an executive Director to chair and answer questions from shareholders at the AGM.

Audit Committee

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

By order of the Board

Hong Kong Life Sciences and Technologies Group Limited

Lu Zhiqiang

Executive Director and Chief Executive Officer

Hong Kong, 14 November 2018

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