

## 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.

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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.*

## THIRD QUARTERLY RESULTS

For the nine months ended 31 December 2015

The board of Directors (the “**Board**”) hereby submits the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the nine months ended 31 December 2015, together with the unaudited comparative figures for the corresponding period in 2014 as follows:

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

|   | Notes | Three months ended<br>31 December |                               | Nine months ended<br>31 December |                               |
|---|-------|-----------------------------------|-------------------------------|----------------------------------|-------------------------------|
|   |       | 2015<br>Unaudited<br>HK\$'000     | 2014<br>Unaudited<br>HK\$'000 | 2015<br>Unaudited<br>HK\$'000    | 2014<br>Unaudited<br>HK\$'000 |
| <b>Continuing operations</b>  |       |                                   |                               |                                  |                               |
| Turnover  | 4     | 29,858                            | 8,099                         | 92,929                           | 276,020                       |
| Cost of sales   |       | (22,773)                          | (1,094)                       | (70,525)                         | (256,014)                     |
| Gross profit  |       | 7,085                             | 7,005                         | 22,404                           | 20,006                        |
| (Loss)/gain on disposal of<br>held-for-trading investments                |       | -                                 | (12,158)                      | 4,698                            | (12,158)                      |
| Fair value change on<br>held-for-trading investments                      |       | (5,052)                           | 4,236                         | 290                              | (22,237)                      |
| Other revenue and net income  | 4     | 1                                 | 1,293                         | 375                              | 3,328                         |
| Administrative and other<br>operating expenses                            |       | (11,013)                          | (16,409)                      | (34,711)                         | (51,696)                      |
| <b>Loss before tax</b>  | 5     | <b>(8,979)</b>                    | (16,033)                      | <b>(6,944)</b>                   | (62,757)                      |
| Income tax  | 6     | 280                               | -                             | (3,010)                          | -                             |
| <b>Loss for the period from<br/>continuing operations</b>                 |       | <b>(8,699)</b>                    | (16,033)                      | <b>(9,954)</b>                   | (62,757)                      |
| <b>Discontinued operation</b>   |       |                                   |                               |                                  |                               |
| Loss for the period from<br>discontinued operation                        | 7     | -                                 | (2,703)                       | (5,669)                          | (6,514)                       |
| <b>Loss for the period</b>  |       | <b>(8,699)</b>                    | (18,736)                      | <b>(15,623)</b>                  | (69,271)                      |
| <b>Other comprehensive<br/>income/(expense):</b>                          |       |                                   |                               |                                  |                               |
| <i>Items that may be reclassified<br/>subsequently to profit or loss:</i> |       |                                   |                               |                                  |                               |
| Exchange difference arising on<br>translation of foreign operations       |       | (1,189)                           | 199                           | (3,225)                          | 238                           |
| Release of translation reserve<br>upon disposal of subsidiaries           |       | -                                 | -                             | (40)                             | -                             |
| <b>Total comprehensive expense<br/>for the period</b>                     |       | <b>(9,888)</b>                    | (18,537)                      | <b>(18,888)</b>                  | (69,033)                      |

|   | Notes | Three months ended<br>31 December |                               | Nine months ended<br>31 December |                               |
|---|-------|-----------------------------------|-------------------------------|----------------------------------|-------------------------------|
|   |       | 2015<br>Unaudited<br>HK\$'000     | 2014<br>Unaudited<br>HK\$'000 | 2015<br>Unaudited<br>HK\$'000    | 2014<br>Unaudited<br>HK\$'000 |
| <b>Loss for the period attributable to:</b>                             |       |                                   |                               |                                  |                               |
| — owners of the Company   |       | (7,289)                           | (17,527)                      | (12,105)                         | (63,485)                      |
| — non-controlling interests   |       | (1,410)                           | (1,209)                       | (3,518)                          | (5,786)                       |
|   |       | <b>(8,699)</b>                    | <b>(18,736)</b>               | <b>(15,623)</b>                  | <b>(69,271)</b>               |
| <b>Total comprehensive expenses<br/>for the period attributable to:</b> |       |                                   |                               |                                  |                               |
| — owners of the Company   |       | (8,478)                           | (17,328)                      | (15,370)                         | (63,247)                      |
| — non-controlling interests   |       | (1,410)                           | (1,209)                       | (3,518)                          | (5,786)                       |
| Total   |       | <b>(9,888)</b>                    | <b>(18,537)</b>               | <b>(18,888)</b>                  | <b>(69,033)</b>               |
| <b>Loss per share:</b>  | 9     |                                   |                               |                                  |                               |
| From continuing and discontinued<br>operations                          |       |                                   |                               |                                  |                               |
| Basic and diluted (HK cents)  |       | (0.18)                            | (0.44)                        | (0.31)                           | (1.61)                        |
| From continuing operations  |       |                                   |                               |                                  |                               |
| Basic and diluted (HK cents)  |       | (0.18)                            | (0.38)                        | (0.16)                           | (1.44)                        |

## 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; (iv) securities investment; and (v) hotel operations (classified as the discontinued operation upon disposal).

### 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 2015 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 婺源縣婺里天禧酒店有限公司 (Wuyuan County Wuli Tianxi Hotel Company Limited\*) ("**Tianxi Hotel**") on 19 June 2015, the Group discontinued its hotel operations. In accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", their unaudited consolidated financial results were therefore classified as the discontinued operation 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;
- (ii) trading business;
- (iii) money lending business;
- (iv) securities investment; and
- (v) hotel operations (reclassified as the discontinued operation).

Information regarding the above segments for the nine months ended 31 December 2015 and 2014 are as follows:

**(a) Segment revenues and results**

| For the nine months ended<br>31 December 2015 | Continuing Operations                                 |                     |                              |                          | Discontinued<br>Operation |                     |           |
|---|---|---------------------|------------------------------|--------------------------|---------------------------|---------------------|-----------|
|   | Anti-aging &<br>stem cell<br>technology<br>businesses | Trading<br>business | Money<br>lending<br>business | Securities<br>investment | Total                     | Hotel<br>operations | Total     |
|   | Unaudited   | Unaudited           | Unaudited                    | Unaudited                | Unaudited                 | Unaudited           | Unaudited |
|   | HK\$'000  | HK\$'000            | HK\$'000                     | HK\$'000                 | HK\$'000                  | HK\$'000            | HK\$'000  |
| Revenue from external customers               | 6,971   | 71,446              | 14,182                       | 330                      | 92,929                    | 1,429               | 94,358    |
| Segment results                               | (10,995)  | (2,672)             | 13,334                       | 5,318                    | 4,985                     | (5,669)             | (684)     |
| Unallocated corporate income                  |   |                     |                              |                          | 366                       | -                   | 366       |
| Unallocated corporate expenses                |   |                     |                              |                          | (12,295)                  | -                   | (12,295)  |
| Loss before tax                               |   |                     |                              |                          | (6,944)                   | (5,669)             | (12,613)  |

| For the nine months ended<br>31 December 2014 | Continuing Operations                                 |                     |                              |                          | Discontinued<br>Operation |                     |           |
|---|---|---------------------|------------------------------|--------------------------|---------------------------|---------------------|-----------|
|   | Anti-aging &<br>stem cell<br>technology<br>businesses | Trading<br>business | Money<br>lending<br>business | Securities<br>investment | Total                     | Hotel<br>operations | Total     |
|   | Unaudited   | Unaudited           | Unaudited                    | Unaudited                | Unaudited                 | Unaudited           | Unaudited |
|   | HK\$'000  | HK\$'000            | HK\$'000                     | HK\$'000                 | HK\$'000                  | HK\$'000            | HK\$'000  |
| Revenue from external customers               | 13,169  | 252,132             | 10,719                       | -                        | 276,020                   | 1,184               | 277,204   |
| Segment results                               | (18,971)  | (10,301)            | 2,056                        | (34,395)                 | (61,611)                  | (6,514)             | (68,125)  |
| Unallocated corporate income                  |   |                     |                              |                          | 11,354                    | -                   | 11,354    |
| Unallocated corporate expenses                |   |                     |                              |                          | (12,500)                  | -                   | (12,500)  |
| Loss before tax                               |   |                     |                              |                          | (62,757)                  | (6,514)             | (69,271)  |

(b) **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>Turnover by geographical markets for the nine months ended 31 December</b> |                               |
|-----------|---|-------------------------------|
|           | <b>2015</b>   | <b>2014</b>                   |
|           | <b>Unaudited<br/>HK\$'000</b>   | <b>Unaudited<br/>HK\$'000</b> |
| Hong Kong | <b>19,856</b>   | 21,687                        |
| PRC       | <b>74,502</b>   | 255,517                       |
|           | <b>94,358</b>   | 277,204                       |

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

|  | <b>Three months ended 31 December</b> |                               | <b>Nine months ended 31 December</b> |                               |
|--|---------------------------------------|-------------------------------|--------------------------------------|-------------------------------|
|  | <b>2015</b>                           | <b>2014</b>                   | <b>2015</b>                          | <b>2014</b>                   |
|  | <b>Unaudited<br/>HK\$'000</b>         | <b>Unaudited<br/>HK\$'000</b> | <b>Unaudited<br/>HK\$'000</b>        | <b>Unaudited<br/>HK\$'000</b> |
| <b>Continuing operations</b>                   |                                       |                               |                                      |                               |
| <b>Turnover</b>                                |                                       |                               |                                      |                               |
| Anti-aging and stem cell technology businesses | <b>1,598</b>                          | 4,525                         | <b>6,971</b>                         | 13,169                        |
| Trading business                               | <b>23,268</b>                         | –                             | <b>71,446</b>                        | 252,132                       |
| Money lending business                         | <b>4,992</b>                          | 3,574                         | <b>14,182</b>                        | 10,719                        |
| Dividend income from securities investment     | –                                     | –                             | <b>330</b>                           | –                             |
|  | <b>29,858</b>                         | 8,099                         | <b>92,929</b>                        | 276,020                       |
| <b>Other revenue and net income</b>            |                                       |                               |                                      |                               |
| Interest income                                | <b>1</b>                              | 7                             | <b>5</b>                             | 10                            |
| Loan interest income                           | –                                     | 987                           | <b>366</b>                           | 2,938                         |
| Sundry income                                  | –                                     | 299                           | <b>4</b>                             | 380                           |
|  | <b>1</b>                              | 1,293                         | <b>375</b>                           | 3,328                         |

## 5. LOSS BEFORE TAX

The loss before tax has been arrived after charging:

|  | Three months ended<br>31 December |                               | Nine months ended<br>31 December |                               |
|--|-----------------------------------|-------------------------------|----------------------------------|-------------------------------|
|  | 2015<br>Unaudited<br>HK\$'000     | 2014<br>Unaudited<br>HK\$'000 | 2015<br>Unaudited<br>HK\$'000    | 2014<br>Unaudited<br>HK\$'000 |
| <b>Continuing operations</b>   |                                   |                               |                                  |                               |
| Staff costs (including Directors' emoluments)                        |                                   |                               |                                  |                               |
| — salaries and allowance   | 3,109                             | 5,459                         | 9,579                            | 18,497                        |
| — contributions to defined contributions retirement benefits schemes | 92                                | 205                           | 317                              | 724                           |
|  | <b>3,201</b>                      | 5,664                         | <b>9,896</b>                     | 19,221                        |
| Depreciation of property, plant and equipment                        | 1,846                             | 2,068                         | 5,568                            | 5,824                         |
| Operating lease rentals in respect of rented premises                | 2,461                             | 3,633                         | 7,333                            | 9,983                         |
| Share-based payments to consultants                                  | 1,574                             | 971                           | 4,723                            | 2,913                         |

## 6. INCOME TAX

|                              | Three months ended<br>31 December |                               | Nine months ended<br>31 December |                               |
|------------------------------|-----------------------------------|-------------------------------|----------------------------------|-------------------------------|
|                              | 2015<br>Unaudited<br>HK\$'000     | 2014<br>Unaudited<br>HK\$'000 | 2015<br>Unaudited<br>HK\$'000    | 2014<br>Unaudited<br>HK\$'000 |
| <b>Continuing operations</b> |                                   |                               |                                  |                               |
| Current tax                  |                                   |                               |                                  |                               |
| Hong Kong                    | (289)                             | —                             | 3,001                            | —                             |
| PRC enterprise income tax    | 9                                 | —                             | 9                                | —                             |
|                              | <b>(280)</b>                      | —                             | <b>3,010</b>                     | —                             |

Hong Kong profit tax has been provided at the rate of 16.5% (2014: 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 profit at the rates prevailing in the PRC.

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

## 7. DISCONTINUED OPERATION AND DISPOSAL OF A SUBSIDIARY

On 15 June 2015, the Group agreed to dispose of Tianxi Hotel to the purchaser for a consideration of RMB5 million. All the conditions of the disposal have been fulfilled and the completion of the disposal took place on 19 June 2015. Upon completion, the Group discontinued its hotel operations. Details of the disposal were disclosed in the Company's announcement dated 15 June 2015.

The results of the discontinued operation dealt with in the unaudited consolidated financial results for the three months and nine months ended 31 December 2015 and 2014 are summarized as follows:

|  | <b>Three months<br/>ended<br/>31 December<br/>2015<br/>Unaudited<br/>HK\$'000</b> | Three months<br>ended<br>31 December<br>2014<br>Unaudited<br>HK\$'000 | <b>Nine months<br/>ended<br/>31 December<br/>2015<br/>Unaudited<br/>HK\$'000</b> | Nine months<br>ended<br>31 December<br>2014<br>Unaudited<br>HK\$'000 |
|--|---|---|--|--|
| Turnover   | –   | 1,184   | <b>1,429</b>   | 1,184  |
| Cost of sales  | –   | (275)   | <b>(248)</b>   | (275)  |
| Gross profit   | –   | 909   | <b>1,181</b>   | 909  |
| Other revenue and net income   | –   | 28  | <b>13</b>  | 32   |
| Administrative and other<br>operating expenses   | –   | (3,640)   | <b>(2,709)</b>   | (7,455)  |
| <b>Loss before tax</b>   | –   | (2,703)   | <b>(1,515)</b>   | (6,514)  |
| Income tax   | –   | –   | –  | –  |
| <b>Loss for the period before loss<br/>on disposal of the<br/>discontinued operation</b> | –   | (2,703)   | <b>(1,515)</b>   | (6,514)  |
| Loss on disposal of the<br>discontinued operation  | –   | –   | <b>(4,154)</b>   | –  |
| <b>Loss for the period from the<br/>discontinued operation</b>                           | –   | (2,703)   | <b>(5,669)</b>   | (6,514)  |

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

|  | <b>Three months<br/>ended<br/>31 December<br/>2015<br/>Unaudited<br/>HK\$'000</b> | Three months<br>ended<br>31 December<br>2014<br>Unaudited<br>HK\$'000 | <b>Nine months<br/>ended<br/>31 December<br/>2015<br/>Unaudited<br/>HK\$'000</b> | Nine months<br>ended<br>31 December<br>2014<br>Unaudited<br>HK\$'000 |
|--|---|---|--|--|
| Staff costs                                      | –   | 1,767   | <b>1,513</b>   | 4,233  |
| Depreciation of property,<br>plant and equipment | –   | 72  | <b>506</b>   | 141  |

Cash flows from discontinued operation

|  | <b>Nine months<br/>ended<br/>31 December<br/>2015<br/>Unaudited<br/>HK\$'000</b> | Nine months<br>ended<br>31 December<br>2014<br>Unaudited<br>HK\$'000 |
|--|--|--|
| Net cash used in operation activities        | <b>(533)</b>   | (2,006)  |
| Net cash used in investing activities        | <b>(15)</b>  | (11,690)   |
| Net cash generated from financing activities | –  | 13,849   |
| <b>Net cash (outflows)/inflows</b>           | <b>(548)</b>   | 153  |

**8. DIVIDEND**

The Board does not recommend the payment of any interim dividend for the nine months ended 31 December 2015 (2014: Nil).

**9. LOSS PER SHARE**

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

|   | <b>Three months ended<br/>31 December<br/>2015<br/>HK\$'000</b> |                  | <b>Nine months ended<br/>31 December<br/>2015<br/>HK\$'000</b> |                  |
|---|---|------------------|--|------------------|
|   | 2014<br>HK\$'000  | 2014<br>HK\$'000 | 2014<br>HK\$'000   | 2014<br>HK\$'000 |
| Loss for the period attributable to the owners of the Company |   |                  |  |                  |
| — from continuing operations                                  | <b>(7,289)</b>  | (14,824)         | <b>(6,436)</b>   | (56,971)         |
| — from discontinued operation                                 | –   | (2,703)          | <b>(5,669)</b>   | (6,514)          |
| <b>— from continuing and discontinued operations</b>          | <b>(7,289)</b>  | (17,527)         | <b>(12,105)</b>  | (63,485)         |
| Weighted average number of ordinary shares in issue           | <b>3,950,332,805</b>  | 3,950,332,805    | <b>3,950,332,805</b>   | 3,950,332,805    |

The diluted loss per share for the periods ended 31 December 2015 and 2014 has not been disclosed as the potential shares arising from exercise of the Company's share options and the contingent consideration shares would decrease the loss per share for the periods and are regarded as anti-dilutive.

## 10. CHANGES IN SHAREHOLDERS' 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 2014   | 158,013                                   | 524,799        | (39,998)        | 971                   | (736)               | (266,644)          | 376,405        | (29,549)                  | 346,856        |
| Loss for the period   | -   | -              | -               | -                     | -                   | (63,485)           | (63,485)       | (5,786)                   | (69,271)       |
| Exchange differences arising on translation of foreign operations | -   | -              | -               | -                     | 238                 | -                  | 238            | -                         | 238            |
| Total comprehensive income for the period                         | -   | -              | -               | -                     | 238                 | (63,485)           | (63,247)       | (5,786)                   | (69,033)       |
| Recognition of equity-settled share-based payments                | -   | -              | -               | 2,913                 | -                   | -                  | 2,913          | -                         | 2,913          |
| At 31 December 2014   | 158,013                                   | 524,799        | (39,998)        | 3,884                 | (498)               | (330,129)          | 316,071        | (35,335)                  | 280,736        |
| <b>At 1 April 2015</b>  | <b>158,013</b>                            | <b>524,799</b> | <b>(39,998)</b> | <b>1,575</b>          | <b>799</b>          | <b>(343,895)</b>   | <b>301,293</b> | <b>(36,976)</b>           | <b>264,317</b> |
| Loss for the period   | -   | -              | -               | -                     | -                   | (12,105)           | (12,105)       | (3,518)                   | (15,623)       |
| Release of translation reserve upon disposal of a subsidiary      | -   | -              | -               | -                     | (40)                | -                  | (40)           | -                         | (40)           |
| Exchange differences arising on translation of foreign operations | -   | -              | -               | -                     | (3,225)             | -                  | (3,225)        | -                         | (3,225)        |
| Total comprehensive income for the period                         | -   | -              | -               | -                     | (3,265)             | (12,105)           | (15,370)       | (3,518)                   | (18,888)       |
| Recognition of equity-settled share-based payments                | -   | -              | -               | 4,723                 | -                   | -                  | 4,723          | -                         | 4,723          |
| At 31 December 2015   | 158,013                                   | 524,799        | (39,998)        | 6,298                 | (2,466)             | (356,000)          | 290,646        | (40,494)                  | 250,152        |

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### Continuing operations

##### *Anti-Aging and Stem Cell Technology Businesses*

For the nine months ended 31 December 2015 (the “**Period**”), the Group recorded a turnover from the anti-aging and stem cell technology businesses in the amount of approximately HK\$6,971,000 (2014: HK\$13,169,000) and recorded a segmental loss of approximately HK\$10,995,000 (2014: HK\$18,971,000). 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. During the Period under review, 159 Group recorded a turnover of approximately HK\$5,304,000 (2014: HK\$10,781,000) and loss of approximately HK\$7,179,000 (2014: HK\$11,809,000). The loss was incurred mainly from the staff costs and rental expenses.

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 services 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.

##### *Other Anti-Aging and Stem Cell Technology Businesses*

The Group has entered into certain distribution agreements to import, market, distribute and sell the life sciences and biomedical products in Hong Kong. During the Period, the turnover from the distribution of life sciences and biomedical products amounted to approximately HK\$41,000 (2014: HK\$187,000). In 2013, the Group acquired the entire interests of Shenzhen Sheng Li Hui Biotechnology Company Limited\* and setting up certain PRC subsidiaries, which are principally engaged in the provision of health check and beauty service. During the Period, the Group recorded a turnover of approximately HK\$1,626,000 (2014: HK\$2,201,000). The Group devoted to diversify its revenue stream and introduce the anti-aging and stem cell products and services to new customers, the PRC 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 Period amounted to approximately HK\$71,446,000 (2014: HK\$252,132,000) and recorded a segmental loss of approximately HK\$2,672,000 (2014: HK\$10,301,000). The decline in turnover was due to the Group reduced its sales of metals which generate lower profit margin. The Group will continue to attempt to broaden the customer base and diversify our trading products to increase its revenue stream and improve the financial performance.

### **Money Lending Business**

During the Period under review, the loan interests from money lending business were approximately HK\$14,182,000 (2014: HK\$10,719,000). The average interest rate charged by the Group was approximately 14% per annum. Customers included individual and corporation providing secured and unsecured loans. The credit terms of outstanding loans granted by the Group to the customers ranged from six 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 steady returns.

### **Securities Investment**

During the Period under review, the held-for-trading investment recorded a realized gain on disposal of the Hong Kong listed securities of approximately HK\$4,698,000 (2014: loss of HK\$12,158,000) and an unrealized gain of Hong Kong listed securities investments approximately HK\$290,000 (2014: loss of HK\$22,237,000) representing the fair value change on held-for-trading investments. The Board will continue to monitor the market conditions and its performance.

### **Discontinued Operation**

In 2014, the Group established a special purpose subsidiary for operating the hotel business. Reference is made to the Company's announcement dated 4 April 2014, the Group entered into (i) the lease agreement to lease the property located in Jiangxi Province, the PRC; and (ii) the Management Agreement to obtain certain management services in respect of the hotel operations. The trial operation of Tianxi Hotel has commenced in October 2014. However, the construction of certain facilities has not been completed and as a result the operation of the Tianxi Hotel has not yet been formally commenced. As disclosed in the Company's announcement dated 15 June 2015, the Group entered into the equity transfer agreement with the purchaser to dispose of the Tianxi Hotel. Having considered the business trends of the hotel operations, including but not limited to the hotel room rates, customer demand and the net loss making position attributable to hotel operations for the year ended 31 March 2015, the Board considers that (i) the hotel business is no longer a commercially attractive option to the Group in view of the uncertain operating environment; (ii) the disposal would enable the Company to dispense with the need for further capital injection into Tianxi Hotel; (iii) the Disposal would avoid further costs that would be incurred under the Lease Agreement and the Management Agreement; and (iv) the disposal would enable the Group to focus its resources on its other business and reallocate its resource to other investment.

The completion of the disposal took place on 19 June 2015 and the financial results of Tianxi Hotel were therefore classified as the discontinued operation. During the Period under review, the turnover of hotel operations amounted to approximately HK\$1,429,000 (2014: HK\$1,184,000) and recorded the loss of approximately HK\$5,669,000 (2014: HK\$6,514,000) from the discontinued operation.

## FINANCIAL REVIEW

During the Period under review, the Group recorded turnover of approximately HK\$92,929,000 (2014: HK\$276,020,000) from continuing operations. The significant decrease in turnover was mainly derived from the trading business.

The administrative and other operating expenses for the Period was approximately HK\$34,711,000 (2014: HK\$51,696,000) from continuing operations, which included a non-cash expenses of HK\$4,723,000 (2014: HK\$2,913,000) relating to the share-based payments to certain consultants of the Company.

The loss from the continuing operations for the Period was approximately HK\$9,954,000 (2014: HK\$62,757,000). The decrease in loss from the continuing operations was mainly attributable to the held-for-trading investments incurred the realized and unrealized gain of approximately HK\$4,988,000 (2014: loss of HK\$34,395,000) on the fair value change of held-for-trading investments. The loss for the Period attributable to owners of the Company was approximately HK\$12,105,000 (2014: HK\$63,485,000) and the loss per share was 0.31 HK cents (2014: 1.61 HK cents).

## PROSPECTS

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

## Placing of New Shares Under General Mandate

On 15 December 2015, the Company and Kingston Securities Limited (the "Placing Agent") entered into the placing agreement, pursuant to which the Company had conditionally agreed to place, through the Placing Agent on a best effort basis, a maximum of 790,000,000 new shares at a price of HK\$0.13 per placing share (the "Placing"), to not fewer than six placees. The net proceeds of approximately HK\$100 million from the Placing intended to be used for the development of existing business and for the general working capital of the Group. The Placing was completed on 5 January 2016. Details of the Placing were disclosed in the Company's announcements dated 15 December 2015 and 5 January 2016.

## MATERIAL EVENTS

### ***Discloseable transaction — Disposal of listed securities***

On 12 May 2015, the Company disposed 23,410,000 shares of China Assurance Finance Group Limited, the issued shares of which are listed on GEM (stock code: 8090) through a securities broker for the gross sale proceeds of HK\$25,751,000 (excluding transaction costs). Details of the disposal of listed securities were disclosed in the Company's announcement dated 12 May 2015.

### ***Discloseable transaction — Extension of loan agreement and provision of financial assistance***

On 29 September 2015, Asia Honest Finance Limited as lender ("**Asia Honest**"), Mr. Lam Wai Keung ("**Mr. Lam**") and Honorbase International Limited ("**Honorbase**") as borrower and mortgagor respectively entered into the extension loan agreement (the "**Extension Loan Agreement**"). As the term of loan agreement dated 27 March 2015 (the "**Loan Agreement**") has expired, Asia Honest, Mr. Lam and Honorbase have entered into the Extension Loan Agreement to extend the term of the Loan Agreement for the 6 months to 20 March 2016. Pursuant to the Extension Loan Agreement, the principal of the loan of HK\$27,389,676 is secured by the legal charge in respect of land located in Hong Kong. Details of the Extension Loan Agreement were disclosed in the Company's announcement dated 29 September 2015.

## BOARD COMPOSITION

Ms. Li Mei has been appointed as an executive Director with effect from 14 December 2015. Following the appointment of Ms. Li Mei as an executive Director, the Board consisted of ten Directors, among which only three of them are independent non-executive Directors. The number of independent non-executive Directors fell below one-third of the Board members as required under Rule 5.05A of the GEM Listing Rules.

In order to comply with Rule 5.05A of the GEM Listing Rules, the Company is in the course of reviewing the structure of the Board and identifying suitable candidates to fulfill the requirement under Rule 5.05A of the GEM Listing Rules as soon as practicable and in any event within three months after the appointment of Ms. Li Mei.

## OTHER INFORMATION

### Directors' and Chief Executive's Interests

As at 31 December 2015, 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 Directors     | Capacity         | Number of Shares Held | Percentage of Shares in issue<br><i>(Approximate)</i> |
|-----------------------|------------------|-----------------------|---|
| Mr. David Lin Kao Kun | Beneficial owner | 806,550,333           | 20.42   |
| Ms. Ding Xiaomei      | Beneficial owner | 77,284,000            | 1.96  |

Save as disclosed above, as at 31 December 2015, 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.

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 on 3 January 2014, of which 90,000,000 share options were lapsed on 2 January 2015. As at 31 December 2015, the total outstanding share options were 90,000,000. No share options were granted, lapsed or exercised during the Period.

On 7 August 2015, the ordinary resolution passed at the annual general meeting of the Company to approve the refreshment of the share option scheme mandate limit under the Share Option Scheme. As at the date of this report, the Company had 395,033,280 share options available for issue under the Share Option Scheme, which represents approximately 10% of the issued shares of the Company on 7 August 2015.

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\$4,723,000 (2014: HK\$2,913,000) of the expense has been recognized in profit or loss for the Period, 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 31 December 2015, 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:

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

| Name of Shareholder                    | Capacity           | Number of Shares Held | Percentage of Shares in issue<br><i>(Approximate)</i> |
|--|--------------------|-----------------------|---|
| Quantum China Asset Management Limited | Investment manager | 236,592,000           | 5.99  |

Save as disclosed above, as at 31 December 2015, the Directors were not aware of any other persons/entities (other than the Directors and the Chief Executives) who had interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO.

### Purchase, Sale or Redemption of Shares

During the nine months ended 31 December 2015, 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, save as one Director had reported to the Company and the Stock Exchange that he had accidentally purchased a total of 1,044,000 Shares on 13 November 2015 during the black-out period and holds these Shares until the date of this report, all Directors confirmed that they had complied with such code of conduct and the required standard of dealings throughout the nine months ended 31 December 2015.

## Competing Interests

As at 31 December 2015, none of the Directors and controlling shareholders of the Company nor any of their respective close associates (as defined in the GEM Listing Rules) had any interest in a business which causes or may cause a significant competition with the business of the Group.

## Change in Information of Director

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

| <b>Name of Director</b> | <b>Details of changes</b>  |
|-------------------------|--|
| Mr. Chui Kwong Kau      | has been appointed as a non-executive director of DeTai New Energy Group Limited (formerly known as Guocang Group Limited, stock code: 559) with effect from 1 December 2015 |

## Audit Committee

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

By order of the Board

**Hong Kong Life Sciences and Technologies Group Limited**

**Lu Zhiqiang**

*Executive Director and Chief Executive Officer*

Hong Kong, 5 February 2016

*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. Chui Kwong Kau, Mr. Jiang Hongqing and Ms. Li Mei; (ii) one non-executive Director, namely Ms. Lam Kuo; and (iii) three independent non-executive Directors, namely Mr. Hung Yat Ming, Mr. Chan Yun Hing and Mr. Gui Qiangfang.*