

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



## **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)**

### **THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2019**

#### **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized 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.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*This announcement, for which the directors (the “**Directors**”) of Hong Kong Life Sciences and Technologies Group Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

### THIRD QUARTERLY 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 nine months ended 31 December 2019, together with the unaudited comparative figures for the corresponding period in 2018 as follows:

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

For the three and nine months ended 31 December 2019

|  | Notes | Three months ended<br>31 December |                               | Nine months ended<br>31 December |                               |
|--|-------|-----------------------------------|-------------------------------|----------------------------------|-------------------------------|
|  |       | 2019<br>Unaudited<br>HK\$'000     | 2018<br>Unaudited<br>HK\$'000 | 2019<br>Unaudited<br>HK\$'000    | 2018<br>Unaudited<br>HK\$'000 |
| <b>Revenue</b>   | 4     | <b>41,807</b>                     | 42,853                        | <b>127,228</b>                   | 55,889                        |
| Cost of sales  |       | <b>(37,635)</b>                   | (37,444)                      | <b>(113,528)</b>                 | (37,474)                      |
| <b>Gross profit</b>  |       | <b>4,172</b>                      | 5,409                         | <b>13,700</b>                    | 18,415                        |
| Gain/(loss) on held-for-trading investments  |       | <b>19</b>                         | (2,310)                       | <b>(439)</b>                     | (2,132)                       |
| Other income   | 4     | <b>55</b>                         | –                             | <b>400</b>                       | 1                             |
| Gain on disposal of assets and liabilities classified as held-for-sale               | 5     | –                                 | –                             | <b>3,667</b>                     | –                             |
| Administrative and other operating expenses  |       | <b>(12,467)</b>                   | (7,815)                       | <b>(34,240)</b>                  | (23,968)                      |
| Reversal of impairment loss on loan receivables and loan interest receivables        |       | –                                 | 1,408                         | –                                | 8,838                         |
| Impairment loss on trade receivables, loan receivables and loan interest receivables |       | <b>(523)</b>                      | –                             | <b>(5,687)</b>                   | (784)                         |
| Finance costs  |       | <b>(732)</b>                      | –                             | <b>(2,320)</b>                   | –                             |
| <b>(Loss)/profit before tax</b>  | 6     | <b>(9,476)</b>                    | (3,308)                       | <b>(24,919)</b>                  | 370                           |
| Income tax expense   | 7     | –                                 | –                             | –                                | –                             |
| <b>(Loss)/profit for the period</b>  |       | <b>(9,476)</b>                    | (3,308)                       | <b>(24,919)</b>                  | 370                           |
| <b>Other comprehensive (expenses)/ income:</b>                                       |       |                                   |                               |                                  |                               |
| <i>Items that may be reclassified subsequently to profit or loss:</i>                |       |                                   |                               |                                  |                               |
| Exchange difference arising on translation of foreign operations                     |       | <b>257</b>                        | 166                           | <b>(1,867)</b>                   | (3,346)                       |
| <b>Total comprehensive (expenses)/ income for the period</b>                         |       | <b>(9,219)</b>                    | (3,142)                       | <b>(26,786)</b>                  | (2,976)                       |

|   | Three months ended |                | Nine months ended |                |
|---|--------------------|----------------|-------------------|----------------|
|   | 31 December        |                | 31 December       |                |
|   | 2019               | 2018           | 2019              | 2018           |
|   | Unaudited          | Unaudited      | Unaudited         | Unaudited      |
| Notes   | HK\$'000           | HK\$'000       | HK\$'000          | HK\$'000       |
| <b>(Loss)/profit for the period attributable to:</b>                          |                    |                |                   |                |
| — owners of the Company   | (9,475)            | (3,304)        | (24,909)          | 400            |
| — non-controlling interests   | (1)                | (4)            | (10)              | (30)           |
|   | <u>(9,476)</u>     | <u>(3,308)</u> | <u>(24,919)</u>   | <u>370</u>     |
| <b>Total comprehensive (expenses)/ income for the period attributable to:</b> |                    |                |                   |                |
| — owners of the Company   | (9,218)            | (3,138)        | (26,776)          | (2,946)        |
| — non-controlling interests   | (1)                | (4)            | (10)              | (30)           |
|   | <u>(9,219)</u>     | <u>(3,142)</u> | <u>(26,786)</u>   | <u>(2,976)</u> |
| <b>(Loss)/earnings per share:</b>   |                    |                |                   |                |
| Basic and diluted (HK cents)  | (0.17)             | (0.05)         | (0.44)            | 0.01           |

9

## 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 2019 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 applied for the first time in the current period as described below.

#### HKFRS 16 Leases

HKFRS 16 superseded HKAS 17 Leases and the related interpretations. With regards to lessee accounting, the distinction of operating leases and finance leases, as required by HKAS 17, has been replaced by a model which requires a right-of-use asset and a corresponding liability to be recognised for all leases by lessees except for short-term leases and leases of low value assets.

Specifically, the right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the date of the commencement of the lease. Subsequently, the lease liability is adjusted for interest and lease payments.

The Group has applied the modified retrospective approach for the adoption of HKFRS 16 and recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2019 and did not restate the comparative information. On adoption of HKFRS 16, the opening balances of lease liabilities and the corresponding right-of-use assets have been adjusted to HK\$33,311,000 and HK\$34,257,000 respectively and the weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 10%.

The carrying amount of right-of-use assets as at 1 April 2019 comprises the following:

|   | <i>HK\$'000</i> |
|---|-----------------|
| Right-of-use assets relating to operating leases recognised upon initial application of HKFRS16 | 34,257          |
| Right-of-use assets as at 1 April 2019  | <u>34,257</u>   |

The reconciliation of operating lease commitment to lease liabilities is set out below:

|  | <i>HK\$'000</i> |
|--|-----------------|
| Operating lease commitments as at 31 March 2019  | 46,962          |
| Lease liabilities discounted at relevant incremental borrowing rate at the date of initial application | (10,265)        |
| Low value leases accounted for as expense using the straight-line basis                                | <u>(3,386)</u>  |
| Lease liabilities as at 1 April 2019   | <u>33,311</u>   |
| Analysed as:   |                 |
| Current  | 5,441           |
| Non-current  | <u>27,870</u>   |
|  | <u>33,311</u>   |

Save for the above, the adoption of the 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 nine months ended 31 December 2019 and 2018 are as follows:

(a) Segment revenues and results

| For the nine months<br>ended 31 December 2019  | Anti-aging<br>and stem cell<br>technology<br>businesses<br>Unaudited<br>HK\$'000 | Trading<br>business<br>Unaudited<br>HK\$'000 | Money<br>lending<br>business<br>Unaudited<br>HK\$'000 | Securities<br>investment<br>business<br>Unaudited<br>HK\$'000 | Total<br>Unaudited<br>HK\$'000 |
|--|--|--|---|---|--------------------------------|
| Revenue from external customers  | 60   | 115,538                                      | 11,630  | –   | 127,228                        |
| Segments results   | (24,871)   | 173  | 10,610  | (439)   | (14,527)                       |
| Gain on disposal of assets<br>and liabilities classified<br>as held-for-sale               |  |  |   |   | 3,667                          |
| Impairment loss on loan<br>receivables and loan<br>interest receivables                    |  |  |   |   | (5,686)                        |
| Unallocated corporate income   |  |  |   |   | –                              |
| Unallocated corporate expenses   |  |  |   |   | (8,373)                        |
| Loss before tax  |  |  |   |   | <u>(24,919)</u>                |
| For the nine months<br>ended 31 December 2018  | Anti-aging<br>and stem cell<br>technology<br>businesses<br>Unaudited<br>HK\$'000 | Trading<br>business<br>Unaudited<br>HK\$'000 | Money<br>lending<br>business<br>Unaudited<br>HK\$'000 | Securities<br>investment<br>business<br>Unaudited<br>HK\$'000 | Total<br>Unaudited<br>HK\$'000 |
| Revenue from external customers  | 2,188  | 38,118                                       | 15,583  | –   | 55,889                         |
| Segments results   | (9,711)  | (1,210)                                      | 14,386  | (2,132)   | 1,333                          |
| Reversal of impairment loss on<br>loan receivables and<br>loan interest receivables        |  |  |   |   | 8,838                          |
| Impairment loss on trade<br>receivables, loan receivables<br>and loan interest receivables |  |  |   |   | (784)                          |
| Unallocated corporate income   |  |  |   |   | 1                              |
| Unallocated corporate expenses   |  |  |   |   | (9,018)                        |
| Profit before tax  |  |  |   |   | <u>370</u>                     |

**(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>Revenue from<br/>external customers<br/>for the nine months ended<br/>31 December</b> |                  |
|-----------|--|------------------|
|           | <b>2019</b>  | <b>2018</b>      |
|           | <b>Unaudited</b>   | <b>Unaudited</b> |
|           | <b>HK\$'000</b>  | <b>HK\$'000</b>  |
| Hong Kong | <b>12,611</b>  | 15,833           |
| PRC       | <b>114,617</b>   | 40,056           |
|           | <b>127,228</b>   | <b>55,889</b>    |

**4. REVENUE AND OTHER INCOME**

|  | <b>Three months ended<br/>31 December</b> |                  | <b>Nine months ended<br/>31 December</b> |                  |
|--|---|------------------|--|------------------|
|  | <b>2019</b>                               | <b>2018</b>      | <b>2019</b>                              | <b>2018</b>      |
|  | <b>Unaudited</b>                          | <b>Unaudited</b> | <b>Unaudited</b>                         | <b>Unaudited</b> |
|  | <b>HK\$'000</b>                           | <b>HK\$'000</b>  | <b>HK\$'000</b>                          | <b>HK\$'000</b>  |
| <b>Revenue</b>   |   |                  |  |                  |
| Anti-aging and stem cell technology<br>businesses        | –   | 45               | <b>60</b>                                | 2,188            |
| Trading business   | <b>38,299</b>                             | 38,118           | <b>115,538</b>                           | 38,118           |
| Money lending business                                   | <b>3,508</b>                              | 4,690            | <b>11,630</b>                            | 15,583           |
|  | <b>41,807</b>                             | 42,853           | <b>127,228</b>                           | <b>55,889</b>    |
| <b>Other income</b>                                      |   |                  |  |                  |
| Interest income  | <b>1</b>                                  | –                | <b>3</b>                                 | 1                |
| Imputed interest income on<br>non-current rental deposit | <b>54</b>                                 | –                | <b>158</b>                               | –                |
| Gain on disposal of property,<br>plant and equipment     | –   | –                | <b>43</b>                                | –                |
| Sundry income  | –   | –                | <b>196</b>                               | –                |
|  | <b>55</b>                                 | –                | <b>400</b>                               | <b>1</b>         |

## 5. GAIN ON DISPOSAL OF ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE

On 5 May 2019, the Group entered into the equity transfer agreement with an independent third party to dispose of 100% of the equity interest (the “Disposal”) in 深圳盛力會生物科技有限公司 (Shenzhen Shenglihui Bio-technology Company Limited) (the “Disposed Company”), an indirect wholly-owned subsidiary of the Company, for a total consideration of approximately RMB1.6 million (equivalents to HK\$1.8 million). All the conditions of the equity transfer agreement had been fulfilled and the completion took place on 6 May 2019. The details of gain on Disposal were as follows:

|  | <b>At 6 May 2019</b><br><b>(Unaudited)</b><br><i>HK\$'000</i> |
|--|---|
| <b>Net assets/(liabilities) disposed of</b>                            |   |
| Assets classified as held-for-sale                                     | 713   |
| Liabilities classified as held-for-sale                                | <u>(2,357)</u>  |
| <b>Net liabilities</b>   | (1,644)   |
| Release of translation reserve upon Disposal                           | (217)   |
| Gain on disposal of assets and liabilities classified as held-for-sale | <u>3,667</u>  |
| <b>Consideration received:</b>   |   |
| Cash   | <u><u>1,806</u></u>   |
| <b>Net cash inflow arising on Disposal:</b>                            |   |
| Total cash consideration   | 1,806   |
| Less: cash and bank balances   | <u>(12)</u>   |
|  | <u><u>1,794</u></u>   |

## 6. (LOSS)/PROFIT BEFORE TAX

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

|  | Three months ended<br>31 December |                               | Nine months ended<br>31 December |                               |
|--|-----------------------------------|-------------------------------|----------------------------------|-------------------------------|
|  | 2019<br>Unaudited<br>HK\$'000     | 2018<br>Unaudited<br>HK\$'000 | 2019<br>Unaudited<br>HK\$'000    | 2018<br>Unaudited<br>HK\$'000 |
| Staff costs (including Directors' emoluments)  |                                   |                               |                                  |                               |
| — salaries and allowance   | 4,505                             | 2,631                         | 12,358                           | 8,290                         |
| — contributions of defined contributions retirement benefits schemes                 | 105                               | 111                           | 305                              | 337                           |
|  | <u>4,610</u>                      | <u>2,742</u>                  | <u>12,663</u>                    | <u>8,627</u>                  |
| Depreciation of property, plant and equipment  | 961                               | 265                           | 1,680                            | 928                           |
| Depreciation of lease assets   | 1,888                             | —                             | 5,668                            | —                             |
| Reversal of impairment loss on loan receivables and loan interest receivables        | —                                 | (1,408)                       | —                                | (8,838)                       |
| Impairment loss on trade receivables, loan receivables and loan interest receivables | 523                               | —                             | 5,687                            | 784                           |
| Operating lease rentals in respect of rented premises                                | 1,501                             | 2,722                         | 4,335                            | 8,313                         |
|  | <u>1,501</u>                      | <u>2,722</u>                  | <u>4,335</u>                     | <u>8,313</u>                  |

## 7. INCOME TAX EXPENSE

|                           | Three months ended<br>31 December |                               | Nine months ended<br>31 December |                               |
|---------------------------|-----------------------------------|-------------------------------|----------------------------------|-------------------------------|
|                           | 2019<br>Unaudited<br>HK\$'000     | 2018<br>Unaudited<br>HK\$'000 | 2019<br>Unaudited<br>HK\$'000    | 2018<br>Unaudited<br>HK\$'000 |
| Current tax               |                                   |                               |                                  |                               |
| Hong Kong                 | —                                 | —                             | —                                | —                             |
| PRC enterprise income tax | —                                 | —                             | —                                | —                             |
|                           | <u>—</u>                          | <u>—</u>                      | <u>—</u>                         | <u>—</u>                      |

Hong Kong profits tax is calculated at the rate of 8.25% (2018: 8.25%) on estimated assessable profits up to HK\$2,000,000 and 16.5% (2018: 16.5%) on only part of estimated assessable profits over HK\$2,000,000 arising or derived from Hong Kong. Hong Kong profits tax has not been provided as the Group had no assessable profits for the period (2018: Nil).

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

## 8. DIVIDEND

The Board does not recommend the payment of any interim dividend for the nine months ended 31 December 2019 (2018: Nil).

## 9. (LOSS)/EARNINGS PER SHARE

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

|  | Three months ended   |                      | Nine months ended    |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | 31 December          |                      | 31 December          |                      |
|  | 2019                 | 2018                 | 2019                 | 2018                 |
|  | <i>HK\$'000</i>      | <i>HK\$'000</i>      | <i>HK\$'000</i>      | <i>HK\$'000</i>      |
| (Loss)/earnings for the period attributable to the owners of the Company | <u>(9,475)</u>       | <u>(3,304)</u>       | <u>(24,909)</u>      | <u>400</u>           |
| Weighted average number of ordinary shares in issue                      | <u>5,688,396,805</u> | <u>5,688,396,805</u> | <u>5,688,396,805</u> | <u>5,688,396,805</u> |

For the nine months ended 31 December 2019 and 2018, 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 nine months ended 31 December 2019 and 2018.

## 10. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

|   | Attributable to owners of the Company |                       |                       |                       |                       |                       | Non-controlling interests | Total equity   |
|---|---------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------------|----------------|
|   | Share capital                         | Share premium         | Special reserve       | Translation reserve   | Accumulated losses    | Total                 |                           |                |
|   | Unaudited<br>HK\$'000                 | Unaudited<br>HK\$'000 | Unaudited<br>HK\$'000 | Unaudited<br>HK\$'000 | Unaudited<br>HK\$'000 | Unaudited<br>HK\$'000 |                           |                |
| At 1 April 2018 (Audited)   | 227,536                               | 675,345               | (39,998)              | (721)                 | (526,672)             | 335,490               | (46,327)                  | 289,163        |
| Initial application of HKFRS 9                                    | -                                     | -                     | -                     | -                     | (11,680)              | (11,680)              | -                         | (11,680)       |
| Adjusted balance at 1 April 2018 (Audited)                        | 227,536                               | 675,345               | (39,998)              | (721)                 | (538,352)             | 323,810               | (46,327)                  | 277,483        |
| Profit for the period   | -                                     | -                     | -                     | -                     | 400                   | 400                   | (30)                      | 370            |
| Exchange differences arising on translation of foreign operations | -                                     | -                     | -                     | (3,346)               | -                     | (3,346)               | -                         | (3,346)        |
| Total comprehensive (expense)/income for the period               | -                                     | -                     | -                     | (3,346)               | 400                   | (2,946)               | (30)                      | (2,976)        |
| At 31 December 2018   | <u>227,536</u>                        | <u>675,345</u>        | <u>(39,998)</u>       | <u>(4,067)</u>        | <u>(537,952)</u>      | <u>320,864</u>        | <u>(46,357)</u>           | <u>274,507</u> |
| At 1 April 2019   | 227,536                               | 675,345               | (39,998)              | (3,272)               | (561,592)             | 298,019               | (46,359)                  | 251,660        |
| Initial application of HKFRS 16                                   | -                                     | -                     | -                     | -                     | (262)                 | (262)                 | -                         | (262)          |
| Adjusted balance at 1 April 2019                                  | 227,536                               | 675,345               | (39,998)              | (3,272)               | (561,854)             | 297,757               | (46,359)                  | 251,398        |
| Loss for the period   | -                                     | -                     | -                     | -                     | (24,909)              | (24,909)              | (10)                      | (24,919)       |
| Exchange differences arising on translation of foreign operations | -                                     | -                     | -                     | (1,867)               | -                     | (1,867)               | -                         | (1,867)        |
| Total comprehensive (expense)/income for the period               | -                                     | -                     | -                     | (1,867)               | (24,909)              | (26,776)              | (10)                      | (26,786)       |
| At 31 December 2019   | <u>227,536</u>                        | <u>675,345</u>        | <u>(39,998)</u>       | <u>(5,139)</u>        | <u>(586,763)</u>      | <u>270,981</u>        | <u>(46,369)</u>           | <u>224,612</u> |

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

For the nine months ended 31 December 2019 (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’s revenue from the anti-aging and stem cell technology businesses in Hong Kong was approximately HK\$0.1 million (2018: HK\$0.3 million) and the anti-aging and beauty centre in Shenzhen did not contribute any revenue (2018: HK\$1.9 million). The segment loss before impairment loss and income tax expense were approximately HK\$24.9 million (2018: HK\$9.7 million). The loss was incurred mainly from the staff and related cost, rental expenses, depreciation of property, plant and equipment, depreciation of lease assets and imputed interest expenses for lease liabilities.

In the past years, the Group carried out various expansion plans for its investment in the anti-aging and stem cell technology businesses. 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. 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 businesses. 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 October 2018 on regulation of advanced therapy products (“**ATPs**”), which may affect the Group’s existing anti-aging and stem cell technology businesses.

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 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 has replaced and renewed certain laboratory facilities located in Shatin and signed a new lease for new laboratory, office and customer service centre (the “**New Laboratory & Customer Service Centre**”) situate at Kowloon Bay in order to capture the potential business upside following the recent market development and clarification after the Hong Kong Court’s judgment on another market player’s beauty treatment death case and the Consultation Report issued by the Department of Health on 30 October 2018 relating to the Regulation of Advanced Therapy Products which are applicable to the anti-aging and stem cell technology businesses of the Group.

As disclosed in the Company’s announcement dated 9 May 2019, the fitting-out works at the new office and customer service centre had commenced. The new office and customer service centre has been on trial operation since September 2019.

The Company intends to fulfil the anticipated new regulatory standard for the new laboratory (which have not been passed into law but has been regarded by the industry as the international highest standards and best practice). The Directors need to closely monitor the scope of work of the new laboratory so that the fitting-out works for the laboratory would satisfy necessary international standards, the Company has entered into certain renovation contracts (including those contracts which disclosed in a separate announcement of the Company dated 27 September 2019). Due to the civil unrest, the disruption in Hong Kong society and the prevention and control measures of novel coronavirus infection which caused delays in the delivery of materials and machinery to be installed in the new laboratory, the fitting-out works for the new laboratory had been hindered and delayed. It is expected that the fitting-out works for the new laboratory would only be completed in June 2020. In the meantime, the Company is still operating its existing laboratory in Shatin.

In view of the establishment of the New Laboratory & Customer Service Centre, the Directors have decided to dispose of the anti-aging operation of the Group located in Shenzhen, the PRC. In May 2019, the Group entered into the equity transfer agreement with an independent third party to dispose of 100% of the equity interest in the Disposed Company for a total consideration of approximately RMB1.6 million. Given that the Disposed Company had recorded loss making in the past few years with net current liabilities position. The Directors considered that the Disposal would enable the Group to avoid any further losses and enjoy a cost saving from rental fee, staff costs and administration expenses. Furthermore, the Disposal would dispense with the need for further capital injection into the Disposed Company. All the conditions of the equity transfer agreement had been fulfilled and the completion took place on 6 May 2019. The Group has recognised a gain of approximately HK\$3.7 million from the Disposal.

The Group has been negotiating with certain stem cell technology companies in the PRC for use of their know-how and technology, so that the Group can optimise, enhance or even develop new type of services that complement the anti-aging and stem cell technology businesses.

Meanwhile, the Group has signed cooperation agreements 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.

The Board has noted that the recent novel coronavirus outbreak in the PRC and the extensive civil unrest and the disruption caused to the Hong Kong society as a whole has caused serious effect on the Company's existing operation on anti-aging and stem cell technology business because our targeted customers, many of whom are from the PRC and a minority from other Asian regions have either cancelled or postponed indefinitely to come to Hong Kong for taking our services until the uncertainties and safety risk have ceased. The Group has received of service deposit of HK\$3 million from the agent for the anti-aging and stem cell treatment services and products, we will closely monitor the situation and communicate with the agencies and potential customers. The Board is hopeful that when the new laboratory is completed and become operational, the threat of novel coronavirus and civil unrest in Hong Kong would have ceased and the Company would then be able to capture the upturn of the market.

The Group will continue to enhance 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 continuously review its operations, and assess the future growth potential and formulate proper future business strategies.

### ***Trading Business***

#### *Trading of Electronic Components*

During the Period under review, the Group recorded a revenue from the trading of electronic components in the PRC of approximately HK\$114.6 million (2018: HK\$38.1 million). The increase in revenue was mainly due to no revenue recorded during the first six months ended 30 September 2018. Depending on the scope and level of the tariffs and restrictions imposed by the United States and the PRC and the threat of novel coronavirus, it may have negative impacts to our trading of electronic components. We will continue to keep track of the economic environment and review the future allocation of resources as and when required.

#### *Trading of Healthcare and Personal Care Products*

The Group has conducted its trading of healthcare and personal care products in Hong Kong since March 2019. During the Period, the Group recorded a revenue of approximately HK\$0.9 million (2018: Nil). The Group has been sourcing suitable healthcare products which complement the Group's anti-aging and stem cell technology businesses. 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. We will pay close attention to the market situations and make necessary adjustments to our strategies and operations.

The segment profit of trading business before impairment loss and income tax expense was approximately HK\$0.2 million (2018: loss of HK\$1.2 million). The costs of trading business was mainly attributable to the staff and related cost, rental expenses, depreciation and imputed interest expenses for lease liabilities.

### ***Money Lending Business***

During the Period under review, the Group recorded a revenue from money lending business of approximately HK\$11.6 million (2018: HK\$15.6 million) and recorded a segmental gain before impairment loss and income tax expenses of approximately HK\$10.6 million (2018: HK\$14.4 million). The decrease in revenue was mainly due to the balances of loan receivables decreased for the Period as compared to the corresponding period in 2018. The interest rate charged by the Group to customers ranging from 10% to 14% (2018: 10% to 12%) per annum. The Group mainly provides unsecured 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 impairment loss on loan receivables and loan interest receivables were approximately HK\$5.7 million (2018: HK\$0.2 million). No reversal of impairment loss on loan receivables and loan interest receivables were recognised during the Period (2018: HK\$8.8 million). In view of the latest development of the novel coronavirus outbreak and local social incidents, which could further weigh on economic performance, consumption and disrupt economic activities, it has negative impact and increase pressure to our money lending business. The management will continue to closely monitor the situation.

Considering that a large portion of the existing loans are unsecured, as part of the Group's development plan, the Group intends to gradually improve the quality of its loan portfolios by targeting to provide loans to potential customers with security or collateral once the current loans in the portfolio mature and are repaid. 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***

During the Period under review, the Group did not record any disposal of held-for-trading investments (2018: loss of disposal of approximately HK\$0.3 million) and the unrealised loss of fair value change on held-for-trading investments was approximately HK\$0.4 million (2018: gain of approximately HK\$1.8 million). The Board will continue to monitor the market conditions and its performance.

## **Financial Review**

### ***Revenue***

During the Period under review, the Group's total revenue increased by 127.6% to approximately HK\$127.2 million (2018: HK\$55.9 million) as compared to last period. The significant increase in revenue was mainly derived from the trading business.

### ***Administrative and other operating expenses***

The administrative and other operating expenses for the Period were approximately HK\$34.2 million (2018: HK\$24.0 million). These expenses mainly consisted of staff costs, depreciation of property, plant and equipment, depreciation of lease assets, legal and professional fee and operating leases. The increase in the administrative and other operating expenses were mainly due to the establishment of the New Laboratory & Customer Service Centre since March 2019.

### *Finance costs*

Subsequent to the new adoption of the HKFRS 16, the Group has initially measured its lease liability at the present value of the lease payments on 1 April 2019. The lease liability will be adjusted for interest and lease payments over the lease period. During the Period, the finance cost in relation to the imputed interest expenses for lease liabilities was approximately HK\$2.3 million (2018: Nil).

### *(Loss)/profit for the Period and (Loss)/earnings per share*

The loss for the Period was approximately HK\$24.9 million (2018: profit of HK\$0.4 million) and the loss for the Period attributable to owners of the Company was approximately HK\$24.9 million (2018: profit of HK\$0.4 million) and the loss per share was 0.44 HK cents (2018: earnings per share 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 Group will closely monitor its cash position and constantly keep reviewing its strategies and operations with a view to improving its business performance. 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**").

### **MATERIAL EVENTS**

#### **Update on Listing Status**

On 21 December 2018, the Company received a letter from the Stock Exchange (the "**Letter**") in relation to the notice to cancel the listing of the Company. The Stock Exchange has considered that the Company has failed to maintain a sufficient level of operation or have tangible assets of sufficient value and/or intangible assets for which a sufficient potential value can be demonstrated under the GEM Listing Rule 17.26 to warrant the continued listing of its shares and decided to suspend trading in the Company's shares under the GEM Listing Rule 9.04 and to proceed with cancellation of the Company's listing under the GEM Listing Rule 9.14 (the "**Decision**").

On 2 January 2019, the Company submitted a written request to the GEM Listing Committee pursuant to Chapter 4 of the GEM Listing Rules for review of the Decision. The review hearing of the Decision by the GEM Listing Committee took place on 12 March 2019. On 20 March 2019, the Company received a fax from the GEM Listing Committee that they had decided to uphold the Decision (the “**GEM Listing Committee Decision**”). On 28 March 2019, the Company submitted a written request to the GEM Listing (Review) Committee pursuant to Chapter 4 of the GEM Listing Rules for review of the GEM Listing Committee Decision. The review hearing of the Decision by the GEM Listing (Review) Committee took place on 5 June 2019. On 4 July 2019, the Company received a fax from the GEM Listing (Review) Committee that they had decided to uphold the GEM Listing Committee Decision to suspend trading in the Company’s shares under GEM Listing Rule 9.04 and proceed with cancellation of the Company’s listing under GEM Listing Rule 9.14 (the “**GEM LRC Decision**”).

The Company received a letter from the Stock Exchange dated 16 July 2019, in which the Stock Exchange sets out the resumption guidance that the Company is required to submit a resumption proposal to demonstrate its compliance with Rule 17.26 of the GEM Listing Rules (the “**Resumption Guidance**”). Under the Rule 9.14A(1) of the GEM Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 12 months. In the case of the Company, the 12-month period expires on 4 July 2020. If the Company fails to remedy the issue(s) causing its trading suspension, fully comply with the GEM Listing Rules to the Stock Exchange’s satisfaction and resume trading in its shares by 4 July 2020, the Listing Department will recommend the GEM Listing Committee to proceed with the cancellation of the Company’s listing. In addition, the Stock Exchange also has the right to impose a shorter specific remedial period, where appropriate.

The Company has published quarterly updates on suspension of trading for the developments of the Company and progress towards resumption of trading, details of which were set out in the Company’s announcements dated 4 October 2019 and 2 January 2020.

At the request of the Company, trading in the shares of the Company has been suspended from 9:00 a.m. on 5 July 2019 and will remain suspended until further notice. Details of the above matters were set out in the Company’s announcements dated 21 December 2018, 2 January 2019, 20 March 2019, 28 March 2019, 4 July 2019, 16 July 2019, 4 October 2019 and 2 January 2020.

#### **Discloseable Transaction — Fitting-out Contract for the New Office and Customer Service Centre (the “Fitting-out Contract”)**

On 9 May 2019, the Group accepted the Fitting-out Contract of the contractor in respect of the fitting-out works to be carried out at the new office and customer service centre in Kowloon Bay. Under the Fitting-out Contract, the contractor agreed to undertake the fitting-out works in the new office and customer service centre according to the floor layout plan, key finish plan & material schedule, and door schedule which include but are not limited to (i) installation of partition walls, doors, floor finishing, skirting, wall finishing and ceiling finishing, etc.; and (ii) provision of materials, lighting systems and built-in furniture. Details of the Fitting-out Contract were set out in the Company’s announcement dated 9 May 2019.

### **Discloseable Transaction — Provision of Loan A**

The loan agreement dated 18 June 2019 (the “**Loan Agreement A**”) entered into between Asia Honest Finance Limited (“**Asia Honest**”) and a customer (as the borrower, being an individual and an independent third party). Pursuant to the Loan Agreement A, Asia Honest agreed to grant an unsecured term loan in the principal amount of HK\$12,321,000 (the “**Loan A**”) to the customer for a period of one year commencing from the date of the Loan Agreement A at an interest rate of 14% per annum. The Loan A was used to repay part of the existing loan due by the customer to Asia Honest. Details of the Loan Agreement A were disclosed in the Company’s announcement dated 18 June 2019.

### **Discloseable Transaction — Provision of Loan B**

The loan agreement dated 14 August 2019 (the “**Loan Agreement B**”) entered into between Asia Honest and a customer (as the borrower, being an individual and an independent third party). Pursuant to the Loan Agreement B, Asia Honest agreed to grant an unsecured term loan in the principal amount of HK\$5,810,000 (the “**Loan B**”) to the customer for a period of one year commencing from the date of the Loan Agreement B at an interest rate of 12% per annum. The Loan B was used to repay balance of the existing loan due by the customer to Asia Honest. Details of the Loan Agreement B were disclosed in the Company’s announcement dated 14 August 2019.

### **Discloseable Transactions — Renovation Contracts for the New Laboratory**

On 27 September 2019, the Group accepted the three renovation contracts (the “**Renovation Contracts**”) in respect of the air-conditioning works (the “**Air-conditioning Works**”), the clean room works (the “**Clean Room Works**”) and the fitting-out works (the “**Fitting-out Works**”) to be carried out at the new laboratory (the “**New Laboratory**”) in Kowloon Bay (the “**Renovation Works**”) at the contract price. Each of the transactions under the renovation contracts constituted a discloseable transaction of the Company. Under the fitting-out contract, Contractor A agreed to undertake the Fitting-out Works according to agreed items of works to be carried out at the New Laboratory and the external louvre. Under the air-conditioning contract, Contractor B agreed to undertake the Air-conditioning Works according to the agreed items of works as stated in the air-conditioning contract, which includes supply and installation of chilled water system. Under the clean room installation contract, Contractor C agreed to undertake the installation of the clean room according to the agreed items of works as stated in the clean room installation contract, which includes partitioning, ceiling system and the lighting system inside the clean room. Details of the Renovation Contracts were set out in the Company’s announcement dated 27 September 2019.

## OTHER INFORMATION

### Directors' and Chief Executive's Interests

As at 31 December 2019, 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:

(a) *Long position in the ordinary shares of the Company (“Shares”)*

| Name of Directors  | Capacity/<br>Nature of interest   | Number of<br>Shares held | Percentage of<br>Shares in issue<br>(Approximate) |
|--|---|--------------------------|---|
| Mr. Lau Ngai Cheung<br>(“ <b>Mr. Lau</b> ”) (Note)       | Beneficial owner, interest of<br>spouse and interest of<br>a controlled corporation | 756,850,000              | 13.31%  |
| Mrs. Cheung Fan Karen<br>(“ <b>Mrs. Cheung</b> ”) (Note) | Beneficial owner/interest of<br>spouse  | 756,850,000              | 13.31%  |

*Note:* Each of Mr. Lau and 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 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 and Mr. Lau is deemed to be interested in all of the Shares owned by Mrs. Cheung.

(b) *Long position in the shares of associated corporation*

| Name of Director | Name of<br>associated corporation | Capacity         | Number of<br>Shares held<br>in associated<br>corporation | Percentage of<br>interest in<br>associated<br>corporation<br>(Approximate) |
|------------------|-----------------------------------|------------------|--|--|
| Mr. Lau (Note)   | Pacific Fortune Global<br>Limited | Beneficial owner | 1  | 100.00%  |

*Note:* As at 31 December 2019, Pacific Fortune Global Limited was wholly owned by Mr. Lau.

Save as disclosed above, as at 31 December 2019, 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 31 December 2019, 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 2019 and 31 December 2019.

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 31 December 2019, 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/<br>Nature of interest | Number of<br>Shares held | Percentage of<br>Shares in issue<br>(Approximate) |
|---|---------------------------------|--------------------------|---|
| Mr. David Lin Kao Kun   | Beneficial owner                | 1,054,330,333            | 18.53%  |
| Pacific Fortune Global<br>Limited ( <i>Note 1</i> )           | Beneficial owner                | 474,032,000              | 8.33%   |
| Primeshare Globe (Hong Kong)<br>Inv. Co., Limited             | Beneficial owner                | 721,452,000              | 12.68%  |
| A Plus Capital Management<br>Limited ( <i>Note 2</i> )        | Investment manager              | 320,800,000              | 5.64%   |
| Tiger Capital Fund SPC —<br>Tiger Global SP ( <i>Note 2</i> ) | Beneficial owner                | 320,800,000              | 5.64%   |

### Notes:

1. 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.
2. A Plus Capital Management Limited is the beneficial owner of Tiger Capital Fund SPC — Tiger Global SP.

Save as disclosed above, as at 31 December 2019, 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 nine months ended 31 December 2019, 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 nine months ended 31 December 2019.

## **Competing Interests**

As at 31 December 2019, 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.

## **Audit Committee**

The audit committee of the Company (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 February 2020

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

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