



# **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

First Quarterly Report

# **2014/15**

## CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This 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.*

## FIRST QUARTERLY RESULTS

For the three months ended 30 June 2014

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 ended 30 June 2014, together with the unaudited comparative figures for the corresponding period in 2013 as follows:

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

		Three months ended 30 June 2014 Unaudited HK\$'000	2013 Unaudited HK\$'000 (Restated)
	Notes		
<b>Continuing operations</b>			
Turnover	4	236,737	30,053
Cost of sales		(230,195)	(25,750)
Gross profit		6,542	4,303
Gain on disposal of held-for-trading investments		–	396
Fair value change on held-for-trading investments		(15,046)	3,557
Other revenue and net income	4	1,058	1,622
Administrative and other operating expenses		(19,583)	(15,539)
Finance costs	5	–	–
<b>Loss before tax</b>	6	(27,029)	(5,661)
Income tax	7	–	–
<b>Loss for the period from continuing operations</b>		(27,029)	(5,661)
<b>Discontinued operations</b>			
Loss for the period from discontinued operations	8	–	(125)
<b>Loss for the period</b>		(27,029)	(5,786)
<b>Other comprehensive income:</b>			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		(63)	2,209
<b>Total comprehensive income for the period</b>		(27,092)	(3,577)

Three months ended  
30 June

2014  
Unaudited  
HK\$'000

2013  
Unaudited  
HK\$'000  
(Restated)

Notes

**Loss for the period attributable to:**

Owners of the Company		
— Continuing operations	(24,659)	(3,966)
— Discontinued operations	—	(70)
	<b>(24,659)</b>	<b>(4,036)</b>
Non-controlling interests		
— Continuing operations	(2,370)	(1,695)
— Discontinued operations	—	(55)
	<b>(2,370)</b>	<b>(1,750)</b>
<b>Total</b>	<b>(27,029)</b>	<b>(5,786)</b>

**Total comprehensive income for the period attributable to:**

Owners of the Company		
— Continuing operations	(24,722)	(3,327)
— Discontinued operations	—	734
	<b>(24,722)</b>	<b>(2,593)</b>
Non-controlling interests		
— Continuing operations	(2,370)	(1,696)
— Discontinued operations	—	712
	<b>(2,370)</b>	<b>(984)</b>
<b>Total</b>	<b>(27,092)</b>	<b>(3,577)</b>

**Loss per share**

10

Basic and diluted (HK cents)		
— Continuing operations	(0.62)	(0.12)
— Discontinued operations	—	—
<b>From continuing and discontinued operations</b>	<b>(0.62)</b>	<b>(0.12)</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:

### 1. GENERAL INFORMATION

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

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

### 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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

The principal accounting policies used in the preparation of these unaudited consolidated financial statements are consistent with those applied in the preparation of the Group's annual financial statements for the year ended 31 March 2014 except in relation to the new and revised Hong Kong Financial Reporting Standards, ("**HKFRSs**", which include Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants that are adopted for the first time for the current period's financial information. The adoption of these new and revised HKFRSs has no significant effect on these financial statements.

The Group has not applied the new HKFRSs that have been issued but are not yet effective.

As a result of the disposal of the equity interests in Qinghai Fuli Fenghuangshan Cemetery Company Limited\* ("**Qinghai FL**") and Taiyuan City Wufuling Company Limited\*) ("**Taiyuan WFL**") on 15 October 2013, the Group discontinued all its funeral and related businesses. In accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", their unaudited consolidated financial results were therefore classified as discontinued operations and the comparative information has also been restated accordingly.

### 3. SEGMENT INFORMATION

The Group's operating segment information is based on the internal reports that are regularly reviewed by the chief operating decision maker, chief executive officer of the Company, for the purposes of resources allocation and performance assessment of the Group.

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

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

\* *For identification purpose only*

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

**(a) Segment revenues and results**

For the three months ended 30 June 2014	Continuing Operations			Discontinued Operations	
	Anti-aging & stem cell technology businesses	Trading business	Money lending business	Total	Funeral and related businesses
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	4,548	228,608	3,581	236,737	-
Segment results	(7,040)	(3,156)	873	(9,323)	-
Fair value change on held-for-trading investments				(15,046)	-
Unallocated corporate income				3,568	-
Unallocated corporate expenses				(6,228)	-
Finance costs				-	-
Taxation				-	-
Loss for the period				(27,029)	-

For the three months ended 30 June 2013	Continuing Operations			Discontinued Operations		
	Anti-aging & stem cell technology businesses	Trading business	Money lending business	Total	Funeral and related businesses	Total
	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000
Revenue from external customers	3,517	26,536	–	30,053	11,726	41,779
Segment results	(6,785)	644	–	(6,141)	858	(5,283)
Fair value change on held-for-trading investments				3,557	–	3,557
Gain on disposal of held-for-trading investments				396	–	396
Unallocated corporate income				1,576	–	1,576
Unallocated corporate expenses				(5,049)	–	(5,049)
Finance costs				–	(926)	(926)
Taxation				–	(57)	(57)
Loss for the period				(5,661)	(125)	(5,786)

**(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:

	Turnover by geographical markets for the three months ended 30 June	
	2014 Unaudited HK\$'000	2013 Unaudited HK\$'000
Hong Kong	7,124	3,517
PRC	229,613	38,262
	236,737	41,779

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

	Three months ended 30 June	
	2014 Unaudited HK\$'000	2013 Unaudited HK\$'000 (Restated)
<b>Continuing operations</b>		
<b>Turnover</b>		
Anti-aging and stem cell technology businesses	4,548	3,517
Trading business	228,608	26,536
Money lending business	3,581	—
	<b>236,737</b>	<b>30,053</b>
<b>Other revenue and net income</b>		
Interest income on:		
— Bank deposits	2	1
— Other loans receivables	976	1,621
Sundry income	80	—
	<b>1,058</b>	<b>1,622</b>

#### 5. FINANCE COSTS

	Three months ended 30 June	
	2014 Unaudited HK\$'000	2013 Unaudited HK\$'000 (Restated)
<b>Continuing operations</b>		
Interest expense on bank and other borrowings wholly repayable within five years	—	—
	<b>—</b>	<b>—</b>



## 6. LOSS BEFORE TAX

Loss before tax from the continuing operations of the Group has been arrived at after charging:

	<b>Three months ended 30 June</b>	
	<b>2014</b>	2013
	<b>Unaudited</b>	Unaudited
	<b>HK\$'000</b>	HK\$'000
		(Restated)
Staff costs (including Directors' emoluments)		
— salaries and allowance	<b>7,777</b>	5,480
— contributions to defined contributions retirement benefits schemes	<b>176</b>	155
	<b>7,953</b>	5,635
Depreciation of property, plant and equipment	<b>1,833</b>	1,820
Operating lease rentals in respect of rented premises	<b>3,510</b>	2,946
Share-based payments to consultants	<b>971</b>	672

## 7. INCOME TAX

	<b>Three months ended 30 June</b>	
	<b>2014</b>	2013
	<b>Unaudited</b>	Unaudited
	<b>HK\$'000</b>	HK\$'000
		(Restated)

### *Continuing operations*

#### **Current tax**

Hong Kong	—	—
The PRC enterprise income tax	—	—

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

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

## 8. DISCONTINUED OPERATIONS AND DISPOSAL OF SUBSIDIARIES

On 24 July 2013, the Group entered into an agreement (the "**Disposal Agreement**") with YIYE INVESTMENTS LIMITED (the "**Purchaser**") to dispose of 51% and 52% respectively of the fully paid up entire registered capital of Taiyuan WFL and Qinghai FL at a total consideration of HK\$33,000,000 (the "**Disposal**").

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

The unaudited consolidated results of the discontinued operations for the three months ended 30 June 2014, together with the unaudited comparative figures for the corresponding period in 2013 are as below:

	<b>Three months ended 30 June</b>	
	<b>2014</b>	2013
	<b>Unaudited</b>	Unaudited
	<b>HK\$'000</b>	HK\$'000
Turnover	–	11,726
Cost of sales	–	(5,108)
Gross profit	–	6,618
Other revenue and net income	–	1
Administrative and other operating expenses	–	(5,761)
Finance costs	–	(926)
<b>Loss before tax</b>		(68)
Income tax	–	(57)
<b>Loss for the period</b>	–	(125)
<b>Other comprehensive income:</b>		
Exchange difference arising on translation of foreign operations	–	1,571
<b>Total comprehensive income for the period</b>	–	1,446
<b>Loss for the period attributable to:</b>		
Owners of the Company	–	(70)
Non-controlling interests	–	(55)
	–	(125)
<b>Total comprehensive income for the period attributable to:</b>		
Owners of the Company	–	734
Non-controlling interests	–	712
	–	1,446

**Loss before tax from discontinued operations of the Group has been arrived at after charging:**

	<b>Three months ended 30 June</b>	
	<b>2014</b>	2013
	<b>Unaudited</b>	Unaudited
	<b>HK\$'000</b>	HK\$'000
Staff costs (including Directors' emoluments)		
— salaries and allowance	—	2,154
— contributions of defined contributions retirement benefits schemes	—	142
	—	2,296
Depreciation of property, plant and equipment	—	1,790

#### **9. DIVIDEND**

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

#### **10. LOSS PER SHARE**

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

	<b>Three months ended 30 June</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Loss for the period attributable to the owners of the Company		
— from continuing operations	<b>24,659</b>	3,966
— from discontinued operations	—	70
From continuing and discontinued operations	<b>24,659</b>	4,036
Weighted average number of ordinary shares for the purpose of basic loss per share	<b>3,950,332,805</b>	3,291,952,805

The diluted loss per share for the periods ended 30 June 2014 and 2013 has not been presented as the potential shares arising from the contingent consideration shares or the exercise and conversion of the Company's share options would decrease the loss per share for the periods and is regarded as anti-dilutive.

## 11. CHANGES IN SHAREHOLDERS' EQUITY

	Attributable to the owners of the Company							Non-controlling interests	Total equity
	Share capital	Share premium	Special reserve	Share options reserve	Translation reserve	Accumulated losses	Total		
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 1 April 2013	131,678	448,577	(39,998)	15,445	4,473	(131,456)	428,719	35,279	463,998
Loss for the period	-	-	-	-	-	(4,036)	(4,036)	(1,750)	(5,786)
Exchange differences arising on translation of foreign operations	-	-	-	-	1,443	-	1,443	766	2,209
Total comprehensive income for the period	-	-	-	-	1,443	(4,036)	(2,593)	(984)	(3,577)
Share option lapsed	-	-	-	(8,948)	-	8,948	-	-	-
Recognition of equity-settled share-based payments	-	-	-	672	-	-	672	-	672
At 30 June 2013	131,678	448,577	(39,998)	7,169	5,916	(126,544)	426,798	34,295	461,093
<b>At 1 April 2014</b>	<b>158,013</b>	<b>524,799</b>	<b>(39,998)</b>	<b>971</b>	<b>(736)</b>	<b>(266,644)</b>	<b>376,405</b>	<b>(29,549)</b>	<b>346,856</b>
Loss for the period	-	-	-	-	-	(24,659)	(24,659)	(2,370)	(27,029)
Exchange differences arising on translation of foreign operations	-	-	-	-	(63)	-	(63)	-	(63)
Total comprehensive income for the period	-	-	-	-	(63)	(24,659)	(24,722)	(2,370)	(27,092)
Recognition of equity-settled share-based payments	-	-	-	971	-	-	971	-	971
At 30 June 2014	158,013	524,799	(39,998)	1,942	(799)	(291,303)	352,654	(31,919)	320,735

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

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

The turnover of anti-aging and stem cell technology businesses for the three months ended 30 June 2014 amounted to approximately HK\$4,548,000 (2013: HK\$3,517,000) and recorded a segmental loss of approximately HK\$7,040,000 (2013: HK\$6,785,000) mainly from the administrative and other operating expenses.

#### *159 Anti-Aging Center*

The Group has successfully completed the acquisition of 51% of equity interests of 159 Regenerative Medicine Group (H.K.) Limited and its subsidiaries (collectively, “**159 Group**”) in September 2012, 159 Group was granted a licence for the user right of stem cell technology. Application has been submitted to State Intellectual Property Office of the PRC for patent of the stem cell technology but has not yet been approved.

During the period under review, 159 Group recorded a turnover of approximately HK\$3,480,000 (2013: HK\$2,952,000) and loss of approximately HK\$4,838,000 (2013: HK\$3,460,000). The loss attributable to the Group for the period was approximately HK\$2,467,000 (2013: HK\$1,764,000). The loss was incurred mainly from the staff costs and rental expenses.

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

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

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

#### *Biomedical And Life Sciences ("BALS")*

The Group has entered into certain distribution agreements to acquire the exclusive right to import, market, distribute and sell the life sciences and biomedical products in Hong Kong and Macau. During the period under review, BALS recorded a turnover of approximately HK\$63,000 (2013: HK\$564,000).

#### *Other business*

The Group acquired the entire interests of Shenzhen Sheng Li Hui Biotechnology Company Limited\* and setting up certain PRC subsidiaries in third quarter of 2013, which are principally engaged in the provision of health check and beauty service. During the period under review, the Group recorded a turnover of approximately HK\$1,005,000 and loss of approximately HK\$1,245,000. The Group devoted to diversifying the revenue stream and introducing the anti-aging and stem cell products and service to new customers, the new operations will provide opportunities to increase customer base and create cross-sell opportunity for the Group.

#### ***Trading business***

The turnover of trading business for the period amounted to approximately HK\$228,608,000 (2013: HK\$26,536,000) and recorded a segmental loss of approximately HK\$3,156,000 (2013: profit of HK\$644,000). The significant growth in turnover was mainly due to the Group increased its sales of metals since the third quarter of 2013. The Group will continue to expand and diversify our trading products in order to increase its revenue stream and improve the financial performance.

### **Money Lending Business**

During the period under review, the Group's loan portfolio comprised of secured and unsecured loans. The loan interests were approximately HK\$3,581,000 (2013: nil). The average interest rate charged by the Group was approximately 16% per annum. The credit terms of outstanding loans granted by the Group to the customers ranged from six months to one year.

### **Securities Investment**

The Company's securities investment comprises investment in Hong Kong listed companies. During the period under review, the Group recorded an unrealized loss of approximately HK\$15,046,000 (2013: gain of HK\$3,557,000) on fair value change of held-for-trading investments and did not record any gain or loss on disposal of held-for-trading investments (2013: gain of HK\$396,000). The Board will continue to monitor the market conditions and its performance.

### **Discontinued Operations**

#### *Funeral and Related Businesses*

As a result of the disposal of Qinghai FL and Taiyuan WFL in October 2013, the Group discontinued all its funeral and related businesses and their results were therefore classified as discontinued operations. During the period under review, the Group did not record any turnover (2013: HK\$11,726,000) and profit or loss (2013: loss of HK\$125,000) from funeral and related businesses.

### **Financial Review**

During the three months period under review, the Group recorded turnover of approximately HK\$236,737,000 (2013: HK\$30,053,000) for continuing operations. The significant increase in turnover was mainly derived from the trading business.

The administrative and other operating expenses for the period was approximately HK\$19,583,000 (2013: HK\$15,539,000) for continuing operations, which included a non-cash expenses of HK\$971,000 (2013: HK\$672,000) relating to the share-based payments to certain consultants of the Company.

During the period under review, the loss for the period was approximately HK\$27,029,000 (2013: HK\$5,786,000) which was mainly attributable to the held-for-trading investments incurred an unrealized loss of approximately HK\$15,046,000 (2013: gain of HK\$3,557,000) on the fair value change of held-for-trading investments. The loss for the period attributable to owners of the Company was approximately HK\$24,659,000 (2013: HK\$4,036,000) and the loss per share was 0.62 HK cents (2013: 0.12 HK cents).



## **Prospects**

The Group will continue to focus on the anti-aging and stem cell technology businesses. In this regard, the Board will constantly keep reviewing the Group's strategies and operations with a view to improve its business performance. We will continue to search and identify other products and service to our customers as well as explore other investment opportunities with growth potential to expand and diversify our business portfolios.

## **Material Event**

### *Lease of property in Jiangxi and management agreement*

On 4 April 2014, Wuyuan County Wuli Tianxi Hotel Company Limited\* ("**Wuli Tianxi**") entered into (i) the lease agreement with Wuyuan County Yuhe Property Development Company Limited\* ("**Yuhe**"), pursuant to which Wuli Tianxi agreed to lease the property from Yuhe upon the terms and conditions set out in the lease agreement. The property is located in Jiangxi Province, PRC, which measures approximately 12,153.58 m<sup>2</sup> in gross floor area, consisting of a hotel building and 10 blocks of terrace villas; and (ii) the management agreement with Shenzhen Ruiyue Hotel Management Company Limited\* ("**Ruiyue**"), pursuant to which Ruiyue agreed to provide hotel management service to Wuli Tianxi upon the terms and conditions set out in the management agreement. Wuli Tianxi employed Ruiyue as the sole manager in charge of managing the hotel during the effective period of the management agreement. Up to the date of this report, Wuli Tianxi has not commenced business operation. Details of the lease agreement and management agreement were disclosed in the Company's announcement dated 4 April 2014.

## **Litigation**

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



## OTHER INFORMATION

### Directors' and Chief Executive's Interests

As at 30 June 2014, the interests and short positions of the Directors and chief executives of the Company (the **"Chief Executives"**) in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (**"SFO"**)) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange, were as follows:

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

Name of Director	Capacity	Number of Shares held	Percentage of Shares in issue (Approximate)
David Lin Kao Kun	Beneficial owner	80,000,000	2.03

Save as disclosed above, as at 30 June 2014, none of the Directors and the Chief Executives had any other interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

### Directors' Rights to Acquire Shares or Debentures

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

## Share Option Scheme

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

At the annual general meeting of the Company (the **"AGM"**) held on 1 August 2013, the shareholders of the Company had approved the refreshment of the Share Option Scheme mandate limit in accordance with the Share Option Scheme and the GEM Listing Rules, thereby allowing the Company to grant further options for subscription of up to a total of 329,195,280 Shares, representing 10% of the 3,291,952,805 Shares in issue as at the date of the AGM.

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

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

The purpose of the Share Option Scheme is to enable the Company to provide incentive to participants with the opportunity of participating in the growth of the Company by acquiring shares in the Company and may, in turn, assist in the attraction and retention of talents who have made contributions to the success of the Company.

The fair value of the share options granted was determined using the Binomial Option Pricing Model of valuation. In total, HK\$971,000 (2013: HK\$672,000) of the expense has been recognized in profit or loss for the three months ended 30 June 2014, the corresponding amount of which has been credited to share options reserve. No liabilities were recognized due to the share-based payments transactions.

## Substantial Shareholders' Interests and Other Persons' Interests

As at 30 June 2014, so far as is known to the Directors and the Chief Executives, and based on the public records filed on the website of the Stock Exchange and records kept by the Company, the interests and short positions of the persons or corporations (other than the Directors and the Chief Executives) in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, were as follows:

Name of substantial shareholders	Capacity	Number of Shares held	Number of underlying shares held (Note 1)	Total number of Shares and underlying shares held	Percentage of Shares in issue (Approximate)
Dr. Lin Xiongbín ("Dr. Lin")	Interest of controlled corporation	141,582,801 (L) (Note 2)	102,625,600 (L) (Note 1)	244,208,401 (L)	
		40,000,000 (S) (Note 2)	–	40,000,000 (S)	
	Interest of spouse	36,717,660 (L) (Note 3)	24,190,320 (L) (Note 1)	60,907,980 (L)	
		6,084,000 (S) (Note 3)		6,084,000 (S)	
				<hr/>	
				305,116,381 (L) 46,084,000 (S)	7.72 (L) 1.17 (S)
Ms. Lin Liuyin ("Ms. Lin")	Beneficial owner	23,086,680 (L)	–	23,086,680 (L)	
		6,084,000 (S)	–	6,084,000 (S)	
	Interest of controlled corporation	13,630,980 (L)	24,190,320 (L) (Note 1)	37,821,300 (L)	
	Interested of spouse	244,208,401 (L) (Note 4)	–	244,208,401 (L)	
		40,000,000 (S) (Note 4)	–	40,000,000 (S)	
				<hr/>	
				305,116,381 (L) 46,084,000 (S)	7.72 (L) 1.17 (S)

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

**Notes:**

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

Save as disclosed above, as at 30 June 2014, the Directors were not aware of any other persons or corporations (other than the Directors and the Chief Executives) who had interest in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO.

### **Purchase, Sale or Redemption of Shares**

During the three months ended 30 June 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

### **Securities Transactions by Directors**

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry, all Directors confirmed that they had complied with such code of conduct and the required standard of dealings throughout the three months ended 30 June 2014.

### **Competing Interests**

As at 30 June 2014, none of the Directors, controlling shareholders of the Company nor any of their respective associates (as defined in the GEM Listing Rules) had any interest in a business which causes or may cause a significant competition with the business of the Group.

### **Audit Committee**

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

These unaudited consolidated results for the three months ended 30 June 2014 have been reviewed by the Audit Committee.

By order of the Board  
**Hong Kong Life Sciences and Technologies Group Limited**  
**Lu Zhiqiang**  
*Executive Director and Chief Executive Officer*

Hong Kong, 14 August 2014

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