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信銘生命科技集團有限公司

Aceso Life Science Group Limited

(formerly known as Hao Tian Development Group Limited 昊天發展集團有限公司)

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 00474)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

The Board (the “**Board**”) of Directors (the “**Directors**”) of Aceso Life Science Group Limited (formerly known as “**Hao Tian Development Group Limited**”, the “**Company**”) is pleased to present the shareholders of the Company (the “**Shareholders**”) the interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended on 30 September 2020 (the “**Period**”).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2020

		Six months ended 30 September	
	NOTES	2020 HK\$'million (unaudited)	2019 HK\$'million (unaudited)
Revenue	4	194	130
Cost of revenue		(71)	(54)
Gross profit		123	76
Other income	5	35	13
Other gains and losses	5	(161)	19
Administrative expenses		(70)	(85)
Allowance for expected credit loss on financial assets		(288)	(28)
Share-based payment expenses	2(1)	(39)	–
Share of results of associates		43	6
Share of results of joint ventures		(18)	(1)
Finance costs	6	(72)	(76)

		Six months ended 30 September	
		2020	2019
NOTES		HK\$'million (unaudited)	HK\$'million (unaudited)
Loss before taxation		(447)	(76)
Income tax (expense)/credit	7	(10)	12
Loss for the period		(457)	(64)
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss:			
Fair value gain/(loss) on investments in equity instruments at fair value through other comprehensive income ("FVTOCI")		96	(1)
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		24	(33)
Other comprehensive income/(expense) for the period, net of tax		120	(34)
Total comprehensive expense for the period		(337)	(98)
Loss for the period attributable to:			
Owners of the Company		(434)	(47)
Non-controlling interests		(23)	(17)
		(457)	(64)
Total comprehensive expense for the period attributable to:			
Owners of the Company		(314)	(82)
Non-controlling interests		(23)	(16)
		(337)	(98)
Loss per share			
Basic (HK cents)	9	(7.00)	(0.87)
Diluted (HK cents)	9	(7.00)	(0.87)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2020

		As at 30 September 2020	As at 31 March 2020
	NOTES	HK\$'million (unaudited)	HK\$'million (audited)
Non-current assets			
Property, plant and equipment	10	384	411
Investment properties	11	1,485	1,432
Financial assets at FVTOCI	12	578	352
Financial assets at fair value through profit or loss ("FVTPL")	13	41	175
Goodwill		13	13
Intangible assets		173	173
Investments in associates		186	94
Investments in joint ventures		434	451
Loan receivables	14	98	89
Finance lease receivables		4	3
Corporate note receivable		–	144
Deferred tax assets		86	57
Pledged bank deposits		5	5
Other non-current assets		1	1
Total non-current assets		3,488	3,400
Current assets			
Inventories		88	89
Trade receivables	15	141	61
Other receivables, deposits and prepayments		31	51
Loan receivables	14	659	698
Finance lease receivables		4	4
Corporate note receivables		191	130
Financial assets at FVTPL	13	200	199
Tax recoverable		1	–
Trust and segregated bank accounts		19	20
Cash and cash equivalents		309	382
Total current assets		1,643	1,634

		As at 30 September 2020 HK\$'million (unaudited)	As at 31 March 2020 HK\$'million (audited)
	<i>NOTES</i>		
Current liabilities			
Trade payables	16	38	37
Other payables, deposits received, accruals and contract liabilities		79	49
Bank and other borrowings	17	561	571
Corporate note payables	18	197	187
Financial liabilities at FVTPL	13	175	171
Lease liabilities		12	12
Tax payables		28	22
		<hr/>	<hr/>
Total current liabilities		1,090	1,049
		<hr/>	<hr/>
Net current assets		553	585
		<hr/>	<hr/>
Total assets less current liabilities		4,041	3,985
		<hr/>	<hr/>
Non-current liabilities			
Bank and other borrowings	17	885	851
Corporate note payables	18	465	475
Convertible note payable		68	72
Lease liabilities		22	28
Deferred tax liabilities		92	63
		<hr/>	<hr/>
Total non-current liabilities		1,532	1,489
		<hr/>	<hr/>
Net assets		2,509	2,496
		<hr/>	<hr/>
Capital and reserves			
Share capital	19	65	61
Reserves		2,094	2,429
		<hr/>	<hr/>
Equity attributable to owners of the Company		2,159	2,490
Non-controlling interests		350	6
		<hr/>	<hr/>
Total equity		2,509	2,496
		<hr/>	<hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

1. GENERAL INFORMATION

Aceso Life Science Group Limited (formerly known as Hao Tian Development Group Limited) (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Laws 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company’s immediate and ultimate holding company is Asia Link Capital Investment Holdings Limited, which is incorporated in the British Virgin Islands, and the ultimate controlling shareholder is Ms. Li Shao Yu.

The Company is an investment holding company and the principal activities of the Group include: (i) money lending; (ii) securities investment; (iii) provision of commodities, futures, securities brokerage and financial services; (iv) asset management; (v) property leasing; (vi) rental and trading of construction machinery; and (vii) development, manufacture, sale and distribution of therapeutic and diagnostic assets.

The Group’s condensed consolidated financial statements have not been audited.

The Group’s condensed consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company. All values are rounded to the nearest millions except when otherwise indicated.

2. BASIS OF PREPARATION AND KEY EVENTS

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain of financial instruments, which are measured at revalued amounts or fair values, as appropriate.

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34, “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The condensed consolidated financial statements should be read in conjunction with the Group’s annual financial statements as at 31 March 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (the “**HKFRSs**”) issued by the HKICPA.

Except as changes in accounting policies resulting from application of new and amendments to HKFRSs, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2020 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2020.

Application of new and amendments to HKFRSs

In the current period, the Company has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2020. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group financial statements and amounts reported for the current period and prior years.

The Group has adopted the following revised HKFRSs for the first time for the current period's financial information:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Interest Rate Benchmark Reform
Amendments to HKFRS 3	Definition of a Business
Conceptual Framework for Financial Reporting (Revised)	Revised Conceptual Framework for Financial Reporting

Key Events during the six months ended 30 September 2020

- (1) In June 2020, the Group entered into a subscription agreement and shareholders' agreement with Co-High Investment Management Limited ("**Co-High**"), an independent third party, for the formation of a joint venture ("**JV 1**") to undertake the business of development, manufacture, sale and distribution of therapeutic and diagnostic assets in the Greater China and South East Asia. The Group holds 51% in this joint venture and the financial results will be consolidated into the financial statements of the Group. Pursuant to the subscription agreement, the Group has granted a put option to Co-High to require the Group to acquire all of the shares of JV 1 held by Co-High at a price which is equivalent to the fair market value upon the exercise of such put option during the put option period, which commences from the date falling 36 months after the completion of the share subscription and ending on the date falling 24 months after the said commencement date; Co-High also granted a call option to the Group to require Co-High to sell all of the shares of JV 1 held by Co-High at the same terms. Pursuant to the subscription agreement, the Company has granted 609,188,681 share options entitling Co-High to subscribe for the Company's shares at the price of HK\$0.25 per option share (subject to adjustments) during the share option period, which commences on 9 July 2020 and will end on the 9 July 2023.

An amount of approximately HK\$39 million was recognised as share-based payment expenses in respect of this share option during the period.

- (2) In July 2020, JV 1 entered into a JV Agreement with Promethera Biosciences S.A./N.V. ("**Promethera Biosciences**"), an independent third party which was incorporated under the laws of Belgium, for the formation of a joint venture ("**JV 2**"), which will have the exclusive right to engage in the development, commercialisation, sell and distribution of cell-based and biological therapies for the treatment of liver diseases, autoimmune diseases and various types of cancer based on the applications and development of contributed intellectual property of Promethera Biosciences in the Asia. At the same time, the Company has agreed to subscribe for convertible bonds of Promethera Biosciences in the principal amount of up to Euro 10 million (equivalent to approximately HK\$88 million) in two equal tranches. The convertible bonds, nominal amount and accrued interest, may be converted at the conversion value of approximately Euro 210.3 million (equivalent to approximately HK\$1,842.1 million) into the preferred shares of Promethera Biosciences at any time prior to the maturity date, which will be the first anniversary of the issue date of the first tranche of the convertible bonds.
- (3) In July 2020, the Company has entered into a placing agreement to place 400,000,000 new shares to independent third parties at a price of HK\$0.25 for each placing share. The net proceeds from this share placement amounted to approximately HK\$100 million. The transaction was completed in August 2020.
- (4) In July 2020, the Company has entered into a subscription agreement in respect of the subscription of 200,000,000 new shares by the controlling shareholder of the Company at a price of HK\$0.25 for each subscription share. The net proceeds from this subscription amounted to approximately HK\$50 million. The transaction was completed in October 2020.

- (5) In September 2020, Hao Tian International Construction Investment Group Limited, one of the Group's subsidiaries ("HTICI") entered into a sale and purchase agreement to acquire 100% equity interests in a target company which holds 22% equity interest in a project company incorporated in the Kingdom of Cambodia. The total consideration was HK\$1,125 million, which shall be settled upon completion of the acquisition as to (i) HK\$125 million by the allotment and issue of the 500 million shares of HTICI at the issue price of HK\$0.25 per share; (ii) HK\$850 million by the issue of notes; and (iii) HK\$150 million by the issue of the convertible bonds of the subsidiary at the conversion price of HK\$0.30 per share. This acquisition is subject to the approval of shareholders of the Company and HTICI at an extraordinary general meeting.
- (6) In September 2020, the Group acquired 49% of the equity interests in a company which holds intellectual properties in the People's Republic of China. The total consideration for the transaction was HK\$49 million.
- (7) HTICI completed a share swap with an independent third party in April 2020, where HTICI issued and allotted 625 million shares of HTICI in exchange for approximately 188 million shares in such third party. In September 2020, HTICI entered into a placing agreement with a placing agent to conditionally issue approximately 234 million shares at HK\$0.285 per placing share. The transaction was completed within the same month. The Group recognised deemed losses from these transactions. Since there is no change in control over HTICI, the deemed loss was recognised in the consolidated statement of changes in equity.

3. USE OF JUDGEMENTS AND ESTIMATES

In preparing this condensed consolidated interim financial information, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to annual financial statements for the year ended 31 March 2020.

4. REVENUE AND SEGMENT INFORMATION

	Six months ended 30 September	
	2020	2019
	HK\$'million (unaudited)	HK\$'million (unaudited)
Revenue from contracts with customers:		
Commission income generated from asset management, securities brokerage, commodities, futures and income from other financial services	6	3
Transportation and other service income	4	4
Sales of construction machinery and spare parts	26	2
	<u>36</u>	<u>9</u>
Revenue from other sources:		
Rental income generated from construction machinery	50	50
Rental income generated from leasing of investment properties	36	32
Interest income generated from money lending	71	39
Interest income generated from margin financing	1	–
	<u>158</u>	<u>121</u>
	<u>194</u>	<u>130</u>

a. Disaggregated revenue information

For the six months ended 30 September 2020 (unaudited)

	Sales of construction machinery and spare parts <i>HK\$'million</i>	Provision of transportation and other services <i>HK\$'million</i>	Provision of asset management, securities brokerage, commodities, futures and other financial services <i>HK\$'million</i>	Total <i>HK\$'million</i>
Type of goods or services				
Sale of machinery and spare parts	18	–	–	18
Sale of rental machinery	8	–	–	8
Transportation service income	–	1	–	1
Repair and maintenance service income	–	3	–	3
Commission income generated from asset management, securities brokerage, commodities, futures and income from other financial services	–	–	6	6
	<u>26</u>	<u>4</u>	<u>6</u>	<u>36</u>
Geographical markets				
Hong Kong	24	4	6	34
Macau	2	–	–	2
	<u>26</u>	<u>4</u>	<u>6</u>	<u>36</u>
Timing of revenue recognition				
At a point in time	26	–	3	29
Over time	–	4	3	7
	<u>26</u>	<u>4</u>	<u>6</u>	<u>36</u>

For the six months ended 30 September 2019 (unaudited)

	Sales of construction machinery and spare parts <i>HK\$'million</i>	Provision of transportation and other services <i>HK\$'million</i>	Provision of of asset management, securities brokerage commodities, futures and other financial services <i>HK\$'million</i>	Total <i>HK\$'million</i>
Type of goods or services				
Sale of machinery and spare parts	2	–	–	2
Repair and maintenance service income	–	4	–	4
Commission income generated from asset management, securities brokerage, commodities, futures and income from other financial services	–	–	3	3
	<u>2</u>	<u>4</u>	<u>3</u>	<u>9</u>
Geographical markets				
Hong Kong	<u>2</u>	<u>4</u>	<u>3</u>	<u>9</u>
Timing of revenue recognition				
At a point in time	2	–	3	5
Over time	–	4	–	4
	<u>2</u>	<u>4</u>	<u>3</u>	<u>9</u>
			Six months ended 30 September 2020 <i>HK\$'million</i> (unaudited)	2019 <i>HK\$'million</i> (unaudited)
Revenue			194	130
Gross proceeds from the sale of financial assets at FVTPL			<u>59</u>	<u>328</u>
Total			<u>253</u>	<u>458</u>

These operating divisions are the basis of internal reports about components of the Group that are regularly reviewed by the board of directors of the Company, being the chief operating decision maker, in order to allocate resources to segments and to assess their performance.

No segment assets and liabilities are presented as the chief operating decision maker does not regularly review segment assets and liabilities.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments.

For the six months ended 30 September 2020 (unaudited)

	Money lending <i>HK\$'million</i>	Securities investment <i>HK\$'million</i>	Provision of asset management, securities brokerage commodities, futures and other financial services <i>HK\$'million</i>	Rental and sales of construction machinery and spare parts <i>HK\$'million</i>	Property leasing <i>HK\$'million</i>	Total <i>HK\$'million</i>
Gross proceeds from sale of financial assets at FVTPL	<u>-</u>	<u>59</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59</u>
Segment revenue	<u>71</u>	<u>-</u>	<u>7</u>	<u>80</u>	<u>36</u>	<u>194</u>
Segment results	<u>(155)</u>	<u>(163)</u>	<u>4</u>	<u>11</u>	<u>20</u>	<u>(283)</u>
Unallocated:						
– Other income						33
– Other gains and losses						18
– Central administration costs						(152)
– Share-based payment expenses						(39)
– Share of results of associates						43
– Share of results of joint ventures						(18)
– Finance costs						(49)
Loss before taxation						<u>(447)</u>

For the six months ended 30 September 2019 (unaudited)

	Money lending <i>HK\$'million</i>	Securities investment <i>HK\$'million</i>	Provision of asset management, securities brokerage commodities, futures and other financial services <i>HK\$'million</i>	Rental and sales of construction machinery and spare parts <i>HK\$'million</i>	Property leasing <i>HK\$'million</i>	Total <i>HK\$'million</i>
Gross proceeds from sale of financial assets at FVTPL	<u>–</u>	<u>328</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>328</u>
Segment revenue	<u>39</u>	<u>–</u>	<u>3</u>	<u>56</u>	<u>32</u>	<u>130</u>
Segment results	<u>(20)</u>	<u>(92)</u>	<u>(6)</u>	<u>(8)</u>	<u>130</u>	<u>4</u>
Unallocated:						
– Other income						11
– Other gains and losses						11
– Central administration costs						(31)
– Finance costs						(76)
– Share of results of associates						6
– Share of results of joint ventures						(1)
Loss before taxation						<u>(76)</u>

All of the segment revenue reported for both periods were from external customers.

Other segment information

For the six months ended 30 September 2020 (unaudited)

	Money lending HK\$'million	Securities investment HK\$'million	Provision of asset management, securities brokerage, commodities, futures and other financial services HK\$'million	Rental and sales of construction machinery and spare parts HK\$'million	Property leasing HK\$'million	Segment total HK\$'million	Unallocated HK\$'million	Consolidated HK\$'million
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss:								
Interest income	-	-	-	-	-	-	1	1
Share of results of associates	-	-	-	-	-	-	43	43
Share of results of joint ventures	-	-	-	-	-	-	(18)	(18)
Depreciation	-	-	-	(21)	-	(21)	(6)	(27)
Allowance for expected credit loss on financial assets, net	(195)	-	(1)	6	-	(190)	(98)	(288)

For the six months ended 30 September 2019 (unaudited)

	Money lending HK\$'million	Securities investment HK\$'million	Provision of asset management, securities brokerage, commodities, futures and other financial services HK\$'million	Rental and sales of construction machinery and spare parts HK\$'million	Property leasing HK\$'million	Segment total HK\$'million	Unallocated HK\$'million	Consolidated HK\$'million
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss:								
Interest income	-	-	-	-	-	-	1	1
Share of results of associates	-	-	-	-	-	-	6	6
Share of results of joint ventures	-	-	-	-	-	-	(1)	(1)
Gain on disposal of property, plant and equipment	-	-	-	-	-	-	32	32
Depreciation	-	-	-	(19)	-	(19)	(9)	(28)
Allowance for expected credit loss on financial assets, net	(26)	-	-	(2)	-	(28)	-	(28)

Geographical information

The information about the Group's revenue by location of operations of the relevant group's entities and the Group's non-current assets by geographical area in which the assets physically are located is detailed below:

	Revenue Six months ended 30 September		Non-current assets (note) As of	
	2020	2019	30 September 2020	31 March 2020
	HK\$'million (unaudited)	HK\$'million (unaudited)	HK\$'million (unaudited)	HK\$'million (audited)
Geographical market:				
Hong Kong	151	92	1,176	1,124
United Kingdom	36	32	1,485	1,432
PRC	5	4	13	18
Macau	2	2	—	—
	<u>194</u>	<u>130</u>	<u>2,674</u>	<u>2,574</u>

Note: Non-current assets excluded financial assets at FVTOCI, financial assets at FVTPL, loan receivables, finance lease receivables, corporate note receivable, pledged bank deposits, other non-current assets and deferred tax assets.

5. OTHER INCOME/OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2020	2019
	HK\$'million (unaudited)	HK\$'million (unaudited)
Other income		
Interest earned on corporate note receivables	23	10
Interest earned on bank deposits	1	1
Government subsidies	3	—
Sundry income	8	2
	<u>35</u>	<u>13</u>
Other gains and losses		
Fair value (loss)/gain on financial assets at FVTPL	(159)	315
Gain on disposal of a subsidiary	—	32
Lapse of share options	—	1
Fair value loss on financial liabilities at FVTPL	(3)	(411)
Loss on disposal of property, plant and equipment	—	(16)
Fair value gain on investment properties	—	99
Net foreign exchange gain /(loss)	1	(1)
	<u>(161)</u>	<u>19</u>
Total	<u>(126)</u>	<u>32</u>

6. FINANCE COSTS

	Six months ended 30 September	
	2020	2019
	HK\$'million	HK\$'million
	(unaudited)	(unaudited)
Interest expenses arising from:		
— bank and other borrowings	64	73
— convertible note payable	4	—
— lease liabilities	4	3
	<u>72</u>	<u>76</u>

7. INCOME TAX EXPENSE/(CREDIT)

	Six months ended 30 September	
	2020	2019
	HK\$'million	HK\$'million
	(unaudited)	(unaudited)
Current tax		
Hong Kong	10	3
Overseas	—	6
	<u>10</u>	<u>9</u>
Deferred tax credit	—	(21)
Income tax expense/(credit)	<u>10</u>	<u>(12)</u>

Hong Kong Profits Tax is calculated at the rate of 8.25% on the estimated assessable profit up to HK\$2,000,000 and 16.5% on any part of estimated assessable profit over HK\$2,000,000 for both periods.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

8. DIVIDENDS

The directors of the Company do not recommend the payment of interim dividend for the six months ended 30 September 2020 and 2019.

9. LOSS PER SHARE

Basic loss per share was calculated by dividing the loss attributable to the shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

Diluted loss per share was calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion/exercise of all dilutive potential ordinary shares. The Company has four categories of potential ordinary shares for the six months ended 30 September 2020 (2019: one).

The basic and diluted loss per share for the six months ended 30 September 2020 and 2019 were the same because the effect of the assumed exercise of all dilutive potential ordinary shares outstanding during the periods were anti-dilutive.

	Six months ended 30 September 2020 (unaudited)	2019 (unaudited)
Loss attributable to the shareholders of the Company (<i>HK\$'million</i>)	(434)	(47)
Weighted average number of ordinary shares in issue (<i>million shares</i>)	6,198	5,465
Basic and diluted loss per share (<i>HK\$ cents</i>)	(7.00)	(0.87)

10. PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment is analysed as follows:

	<i>HK\$'million</i>
As at 1 April 2020 (audited)	411
Additions	6
Disposals	(7)
Depreciation	(27)
Exchange alignment	1
As at 30 September 2020 (unaudited)	384

11. INVESTMENT PROPERTIES

Movements in investment properties is analysed as follows:

	<i>HK\$'million</i>
As at 1 April 2020 (audited)	1,432
Exchange alignment	53
As at 30 September 2020 (unaudited)	1,485

12. FINANCIAL ASSETS AT FVTOCI

	As at 30 September 2020 <i>HK\$'million</i> (unaudited)	As at 31 March 2020 <i>HK\$'million</i> (audited)
Listed equity securities	163	–
Unlisted equity securities	415	352
	578	352

13. FINANCIAL ASSETS/LIABILITIES AT FVTPL

	As at 30 September 2020 <i>HK\$'million</i> (unaudited)	As at 31 March 2020 <i>HK\$'million</i> (audited)
Financial assets at FVTPL:		
Non-Current:		
Equity securities listed in Hong Kong, at fair value	<u>41</u>	<u>175</u>
Current:		
Equity securities listed in Hong Kong, at fair value	87	120
Unlisted fund investment	51	50
Unlisted debt instrument	9	12
Derivative option	–	17
Convertible note receivable	<u>53</u>	<u>–</u>
	<u>200</u>	<u>199</u>
	<u>241</u>	<u>374</u>
Financial liabilities at FVTPL:		
Option arising from HTM Subscription	<u>175</u>	<u>171</u>

14. LOAN RECEIVABLES

	As at 30 September 2020 <i>HK\$'million</i> (unaudited)	As at 31 March 2020 <i>HK\$'million</i> (audited)
Non-current:		
Secured, fixed-rate loan receivables	105	95
Less: Allowance for expected credit loss	<u>(7)</u>	<u>(6)</u>
	<u>98</u>	<u>89</u>
Current:		
Secured, fixed-rate loan receivables	188	257
Unsecured, fixed-rate loan receivables	834	610
Less: Allowance for expected credit loss	<u>(363)</u>	<u>(169)</u>
	<u>659</u>	<u>698</u>
	<u>757</u>	<u>787</u>

15. TRADE RECEIVABLES

	As at 30 September 2020 <i>HK\$'million</i> (unaudited)	As at 31 March 2020 <i>HK\$'million</i> (audited)
Trade receivables from clients arising from		
— rental income from construction machinery business	57	54
— trading and provision of other service from construction machinery	1	1
— securities brokerage	48	17
— rental income from investment properties	11	2
— provision of other financial services	41	9
	<u>158</u>	<u>83</u>
Less: Allowance for expected credit loss	(17)	(22)
	<u>141</u>	<u>61</u>

The following is an aging analysis of trade receivables from client arising from construction machinery business, rental income business and provision of other financial services presented based on invoice dates at the end of the reporting period:

	As at 30 September 2020 <i>HK\$'million</i> (unaudited)	As at 31 March 2020 <i>HK\$'million</i> (audited)
0–30 days	69	20
31–90 days	8	17
91–180 days	8	10
181–365 days	9	5
Over 365 days	16	14
	<u>110</u>	<u>66</u>

16. TRADE PAYABLES

	As at 30 September 2020 <i>HK\$'million</i> (unaudited)	As at 31 March 2020 <i>HK\$'million</i> (audited)
Margin and other deposits payable to clients arising from commodities, futures and securities brokerage	22	19
Trade payables to brokers and clearing houses arising from commodities, futures and securities brokerage	10	11
Trade payables arising from construction machinery business	5	6
Trade payables arising from retailing of men's and women's apparels	1	1
	<u>38</u>	<u>37</u>

An ageing analysis of the Group's trade payables arising from construction machinery business and from retailing of men's and women's apparels at the end of the reporting period presented based on the invoice dates is as follows:

	As at 30 September 2020 <i>HK\$'million</i> (unaudited)	As at 31 March 2020 <i>HK\$'million</i> (audited)
0–30 days	1	1
31–60 days	1	2
61–180 days	2	3
181–365 days	–	–
Over 365 days	2	1
	<u>6</u>	<u>7</u>

17. BANK AND OTHER BORROWINGS

	As at 30 September 2020 <i>HK\$'million</i> (unaudited)	As at 31 March 2020 <i>HK\$'million</i> (audited)
Bank borrowings	101	109
Loans from other financial institutions	1,285	1,253
Loans from a director of a subsidiary (<i>note (a)</i>)	60	60
	<u>1,446</u>	<u>1,422</u>
Represented by:		
Non-current	885	851
Current	561	571
	<u>1,446</u>	<u>1,422</u>

Movements in bank and other borrowings is analysed as follows:

	<i>HK\$'million</i>
As at 1 April 2020 (audited)	1,422
Proceeds from bank borrowings	6
Repayments of bank borrowings	(14)
Proceeds from loans from other financial institutions	86
Repayments of loans from other financial institutions	(82)
Exchange alignment	28
	<u>1,446</u>
As at 30 September 2020 (unaudited)	<u>1,446</u>

Note:

- (a) During the period, the maturity of a loan from a director of a subsidiary with loan principal of HK\$30 million has been extended from 13 May 2020 to 13 May 2022. The interest rate for such loan was remained the same at 3% per annum.

18. CORPORATE NOTE PAYABLES

	As at 30 September 2020 <i>HK\$'million</i> (unaudited)	As at 31 March 2020 <i>HK\$'million</i> (audited)
Secured	350	350
Unsecured*	312	312
	<u>662</u>	<u>662</u>
Represented by:		
Non-current	465	475
Current	197	187
	<u>662</u>	<u>662</u>

* Previously grouped within “Borrowings” note in 2020 annual report

19. SHARE CAPITAL

	Nominal value per share <i>HK\$</i>	Number of shares (‘million)	Share capital <i>HK\$'million</i>
Ordinary shares			
Authorised:			
At 1 April 2019, 31 March 2020, 1 April 2020 and 30 September 2020	<u>0.01</u>	<u>50,000</u>	<u>500</u>
At 1 April 2020 (audited)	0.01	6,091	61
Issue of placement shares (<i>note a</i>)	0.01	400	4
Issue of shares on conversion of convertible note payable (<i>note b</i>)	<u>0.01</u>	<u>40</u>	<u>–</u>
At 30 September 2020 (unaudited)	<u>0.01</u>	<u>6,531</u>	<u>65</u>

Notes:

- (a) In August 2020, the Company issued and allotted new shares to an independent third party at HK\$0.25 per placement shares.
- (b) In September 2020, the Company issued 40 million shares upon early conversion of certain convertible note payable. The exercise price was HK\$0.25 per conversion share.

20. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current period’s presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

CHANGE OF COMPANY NAME

Pursuant to a special resolution passed on the extraordinary general meeting held on 18 September 2020, the name of the Company has changed from “Hao Tian Development Group Limited” to “Aceso Life Science Group Limited”. The Registrar of Companies in the Cayman Islands has issued a certificate of incorporation on change of name (“**Change of Company Name**”) on 21 September 2020.

To reflect the Change of Company Name, the stock short name of shares trading on The Stock Exchange of Hong Kong Limited (“**The Stock Exchange**”) has been changed from (“**HAO TIAN DEV**”) to (“**ACESO LIFE SCI**”) (English) and from (“**昊天發展集團**”) to (“**信銘生命科技**”) (Chinese), with effect from 29 October 2020. The website of the Company has been also changed from www.haotianhk.com to www.acesogrouphk.com.

BUSINESS REVIEW

The past six months were full of challenges. Affected by the COVID-19 epidemic in the first half of the 2020 financial year, the macro environment faced unprecedented challenges and risks. Facing the complicated external environment, the Group immediately adjusted its corporate management direction, rationally planned its business layout, following the development trend of the global life sciences domain and actively explored new development opportunities.

During the Period, save for the commencement of the life science business, there were no major changes in the nature of business and the main activities of the Group.

Life Science Business

In July 2020, the Group formed a joint venture with Co-High Investment Management Limited (“**Co-High**”), namely Aceso Life Science Holding Limited (“**ALS Holding**”), to undertake the business of development, manufacture, sale and distribution of therapeutic and diagnostic assets in the Greater China and South East Asia. ALS Holding is owned by the Group and Co-High as to 51% and 49%, respectively.

In July 2020, ALS Holding formed a joint venture, namely Aceso-Promethera Asia Company Limited (“**Aceso-Promethera Asia**”), with Promethera Biosciences S.A./N.V. (“**Promethera Biosciences**”), a Belgium-based regenerative medicine technology company that develops and commercializes cell-based therapies for the treatment of patients with acute and chronic liver diseases in humans. Aceso-Promethera Asia has the exclusive right to engage in the development, commercialisation, sale and distribution of cell-based and biological therapies for the treatment of liver diseases including Acute-on-Chronic Liver Failure (ACLF), Non-Alcoholic Steatohepatitis (NASH) and Urea Cycle Disorder (UCD), autoimmune diseases and various types of cancer based on the applications and development of certain intellectual property of Promethera Biosciences in the territories as agreed between the parties, including, but is not limited to, the PRC, Hong Kong, and the Macau Special Administrative Region of the PRC. In the meantime, the Group has subscribed for the convertible bonds issued by Promethera Biosciences in the principal amount of Euro 5 million.

In order to cope with the development of the Group's entry into the life science field, the Company appointed Dr. Wang Yu (“**Dr. Wang**”) and Dr. Li Yao (“**Dr. Li**”) as non-executive directors of the Company on 18 August, 2020. Dr. Wang and Dr. Li are experts in the health and biotechnology research and financial industries respectively. At the same time, the Group is building a team of life science executives with significant bioscience asset development experience in China and South East Asia to cope with the business development.

On 15 September, 2020, Aceso-Promethera Asia, Promethera Biosciences and ITOCHU Corporation entered into a collaboration agreement pursuant to which, among others, Aceso-Promethera Asia and ITOCHU Corporation will discuss business opportunities regarding the products for the treatment of UCD, ACLF, NASH and other indications within the agreed scope in the specified territories in Asia whereas Promethera Biosciences shall be responsible for manufacturing the aforesaid products.

Existing Business

Money lending business

The main services of this segment include money lending in respect of property mortgaged loans and personal loans to customers in Hong Kong. As at 30 September 2020, the outstanding loan receivables of the money lending business of the Group (net of allowance for expected credit loss) was approximately HK\$757 million (31 March 2020: approximately HK\$787 million).

Securities investment business

The Group had various securities in its investment portfolio such as listed equity securities, unlisted equity securities, unlisted funds, unlisted debts, etc. A fair value loss of approximately HK\$159 million was recorded during the Period.

Property business

During the Period, the rental income derived from 55 Mark Lane contributed revenue of approximately HK\$36 million (2019: approximately HK\$32 million) and there was no fair value gain on investment property (2019: approximately HK\$99 million). The Group has renewed all existing tenancy agreements which will be expired in the year 2021.

Construction machinery business

During the Period, HTICI contributed a revenue of HK\$80 million (2019: approximately HK\$56 million) and a segment profit of approximately HK\$11 million (2019: segment loss of approximately HK\$8 million). The increase of segment revenue was mainly attributable to the increase in revenue generated from the sales of construction machinery and spare parts.

Commodities, futures and securities brokerage business

During the Period, commodities, futures and securities brokerage segment contributed a revenue of approximately HK\$7 million (2019: approximately HK\$3 million) and a segment profit of approximately HK\$4 million (2019: segment loss of approximately HK\$6 million). The increase in segment revenue was mainly attributable to the increase in the brokerage service provided during the Period.

Smart New City Development Project

On 4 September 2020, Hao Tian International Construction Investment Group Limited (“**HTICI**”) and its subsidiary, entered into a sale and purchase agreement in relation to an investment in urban complex development project. HTICI will indirectly acquire 22% equity interest in a company incorporated in Cambodia (the “**Project Company**”). Under the sub-decree 122/2019 on the establishment of CESIZ Special Economic Zone granted by the Council of Ministers, the Council of Ministers approved the Project Company, with sole and exclusive rights, to establish a special economic zone (the “**Special Economic Zone**”) with a size of 17,252,519 square meters at Koh Kong Province, Cambodia (the “**Project**”). The Special Economic Zone will be developed for residential, industrial and commercial development purposes and such development will be freehold properties which allow enterprises, commercial and residential investors to invest in the area to have a long-term secure investment plan. As at the date of this announcement, the acquisition has not yet been completed.

INTERIM DIVIDEND

The Board does not recommend the payment of a cash interim dividend for the six months ended 30 September 2020 (six months ended 30 September 2019: Nil).

FINANCIAL REVIEW

The Group had incurred a loss of approximately HK\$457 million for the Period (2019: approximately HK\$64 million). Such loss was mainly attributable to recognition of expected credit losses on corporate note receivables and loan receivables; a one-off non-cash share-based payment expense in relation to the grant of share options to Co-High, a shareholder of a subsidiary, in June 2020; and fair value losses on certain financial assets and liabilities at fair value through profit or loss.

Revenue

During the Period, revenue was approximately HK\$194 million (2019: HK\$130 million), representing an increase of approximately 49% as compared to the corresponding period in prior year. The increase was mainly attributable to increase in revenue from money lending business and rental and sales of construction machinery business.

Fair value loss on financial assets at fair value through profit or loss

The details of the Group's securities investments and the fair value loss recognised for the Period are set out as follows:

		Number of shares held at 31 March 2020	Percentage of shareholdings at 31 March 2020	Number of shares held at 30 September 2020	Percentage of shareholdings at 30 September 2020	Fair value at 31 March 2020 HK\$'million	Fair value at 30 September 2020 HK\$'million	Fair value (loss)/gain for the Period HK\$'million
	Notes				(note 1)			
Classified as financial assets at fair value through profit or loss								
Name/(Stock Code)								
China Shandong Hi-Speed Financial Group Limited (412)		26,064,000	0.11%	12,000	0.00%	10	–	–
Carnival Group International Holdings Limited (996)		90,610,000	0.38%	90,610,000	0.38%	1	1	–
Imperial Pacific International Holdings Limited (1076)	2	4,062,000,000	2.84%	4,062,000,000	2.84%	174	41	(133)
Far East Holdings International Limited (36)		4,983,000	0.46%	4,983,000	0.46%	1	1	–
Beijing Properties (Holdings) Limited (925)		8,140,000	0.12%	8,140,000	0.12%	1	1	–
CA Cultural Technology Group Limited (1566)	3	35,890,000	3.90%	16,290,000	1.69%	108	41	(18)
Haitong International Securities Group Limited (665)	4	–	–	8,265,000	0.14%	–	15	(5)
China Evergrande Group (3333)	5	–	–	1,414,000	0.01%	–	28	(5)
Atlantis China Fund	6	N/A	N/A	N/A	N/A	31	31	–
Riverwood Umbrella Fund	7	N/A	N/A	N/A	N/A	19	20	1
Unlisted debt instrument		N/A	N/A	N/A	N/A	12	9	(3)
Financial derivatives		N/A	N/A	N/A	N/A	17	–	(17)
Convertible note receivable		N/A	N/A	N/A	N/A	–	53	7
Futures		N/A	N/A	N/A	N/A	–	–	14
						374	241	(159)

Notes:

- The percentage of shareholdings is calculated with reference to the monthly return of equity issuer on movements in securities for the month ended 30 September 2020 of the issuers publicly available on the website of the Stock Exchange.
- Imperial Pacific International Holdings Limited (“**Imperial**”) and its subsidiaries (collectively called “**Imperial Group**”) were principally engaged in the gaming and resort business, including the development of an integrated resort on the Island of Saipan, Commonwealth of the Northern Mariana Islands.

Pursuant to Imperial Group's interim report for the six months ended 30 June 2020, Imperial Group recorded revenue of approximately HK\$27 million and total comprehensive loss of approximately HK\$798 million.

- CA Cultural Technology Group Limited (“**CA Cultural**”) and its subsidiaries (collectively “**CA Cultural Group**”) were principally engaged in the trading of animation derivative products, establishment and operation of indoor theme parks and multimedia animation entertainment.

Pursuant to CA Cultural Group's interim report for the year ended 31 March 2020, CA Cultural Group recorded revenue of approximately HK\$392 million and total comprehensive income of approximately HK\$75 million.

The Group disposed approximately 20 million shares of CA Cultural during the Period.

4. Haitong International Securities Group Limited (“**Haitong**”) and its subsidiaries (collectively “**Haitong Group**”) were principally engaged in wealth management, corporate finance, asset management, institutional clients and investment.

Pursuant to Haitong Group’s interim report for the six months ended 30 June 2020, Haitong Group recorded revenue of approximately HK\$3,525 million and total comprehensive income of approximately HK\$418 million.

The Group acquired approximately 8 million shares of Haitong during the Period.

5. China Evergrande Group (“**China Evergrande**”) and its subsidiaries (collectively “**China Evergrande Group**”) were principally engaged in property development, property investment, property management, new energy vehicle business, hotel operations, finance business, internet business and health industry business in the PRC.

Pursuant to China Evergrande Group’s interim report for the six months ended 30 June 2020, China Evergrande Group recorded revenue of approximately RMB266,631 million and total comprehensive income of approximately RMB14,934 million.

The Group acquired approximately 1 million shares of China Evergrande during the Period.

6. Atlantis China Fund (the “**Atlantis Fund**”) may invest in a wide range of listed securities issued by listed companies established in or whose principal place of business is located in the PRC and Hong Kong, including but not limited to listed equities, preferred stocks, convertible securities, notes and other financial products. The Atlantis Fund may hold ancillary liquid assets, denominated principally in H.K. Dollars, Renminbi and U.S. Dollars, including cash deposits and money market instruments.
7. Riverwood Umbrella Fund (the “**Riverwood Fund**”) may invest at least 50% of the in listed equities of companies located in the Greater China Region (which includes Mainland China, Hong Kong, Macau and Taiwan) or deriving income and/or assets from Greater China Region. The Riverwood Fund may invest in Exchange-Traded Funds (ETFs), US Government stocks, US Treasury securities and derivative products.

Administrative expenses

During the Period, administrative expenses were approximately HK\$70 million (2019: approximately HK\$85 million), representing a decrease of approximately HK\$15 million or 18% as compared with the corresponding period in prior year. The decrease was mainly attributable to the effective implementation in cost-saving plan.

Share-based payment expenses

During the Period, share-based payment expenses of approximately HK\$39 million were recognised. The amount mainly represented approximately 609 million share options at HK\$0.25 each granted to Co-High in relation to the formation of a subsidiary by the Group and Co-High to undertake the business of development, manufacture, sale and distribution of therapeutic and diagnostic assets in the Greater China and South East Asia. The share options were fully vested and will expire in July 2023.

Finance costs

During the Period, the finance costs were approximately HK\$72 million (2019: approximately HK\$76 million), representing a decrease of approximately HK\$4 million or 5% as compared with the corresponding period last year. The decrease was mainly attributable to the decrease in interest-bearing debts level as compared to the corresponding period in prior year.

Taxation

During the Period, the net income tax expense was approximately HK\$10 million (2019: tax credit of approximately HK\$12 million). The net income tax expense was generally in line with the increase in assessable profit for the Period. In prior year, a deferred tax credit of approximately HK\$21 million was recognised.

Fair value gain on financial assets at fair value through other comprehensive income

The details of the unlisted securities investments and the fair value gain recognised during the Period are set out below:

		Percentage of shareholdings at 31 March 2020	Percentage of shareholdings at 30 September 2020	Fair value at 31 March 2020 HK\$'million	Fair value at 30 September 2020 HK\$'million	Fair value (loss)/gain for the Period HK\$'million	Percentage of total assets of the Group at 30 September 2020
	Notes						
Classified as financial assets at fair value through other comprehensive income							
Name							
Goodwill International (Holdings) Limited	a	7.54%	7.54%	28	28	–	0.54%
Co-lead Holdings Limited	b	1.44%	1.44%	28	27	(1)	0.51%
Quan Yu Tai Investment Company Limited	c	15%	15%	296	361	65	7.04%
Oshidori International Holdings Limited	d	–	3.07%	–	162	32	3.18%
				352	578	96	11.27%

Notes:

- Goodwill International (Holdings) Limited (“**Goodwill Int’l**”) invested in a number of property investment projects in Hong Kong and the PRC. The properties would be sold to market upon completion of each projects, and investors (including Goodwill Int’l) would receive dividend.
- Co-lead Holdings Limited (“**Co-lead**”) is principally engaged in trading of securities, provision of finance and holding of investments in financial services industry.
- Quan Yu Tai Investment Company Limited (“**Quan Yu Tai**”) holds 90% equity interest in He Ying Tung Investments Company Limited (“**He Ying Tung**”). He Ying Tung, through its various indirect wholly-owned or non wholly owned subsidiaries, is principally engaged in property development in the PRC. He Ying Tung principally has 3 property projects under development located in the municipalities of Changsha, Chenzhou and Hengyang of Hunan Province, the PRC, mainly consisting of large-scale residential complex projects and integrated commercial complex projects, as well as apartments, offices, shopping arcades, cinemas and other supporting facilities.

- (d) Oshidori International Holdings Limited (“**Oshidori**”) principally engages in investment holdings, trading and investment in securities, and the provisions of (i) securities brokerage services, (ii) placing and underwriting services, (iii) corporate finance advisory services, (iv) money lending services, (v) investment advisory and asset management services, and (vi) margin financing services.

Pursuant to Oshidori’s interim report for the six-months ended 30 June 2020, Oshidori recorded revenue of approximately HK\$68 million and total comprehensive income of approximately HK\$247 million.

Liquidity, Capital Structure and Financial Resources

As at 30 September 2020, the Group’s current assets and current liabilities were approximately HK\$1,643 million (31 March 2020: approximately HK\$1,634 million) and HK\$1,090 million (31 March 2020: approximately HK\$1,049 million) respectively.

The Group has established a treasury policy with the objective of lowering cost of funds. Therefore, funding for all its operations have been centrally reviewed and monitored at the Group level. To manage the Group’s exposure to fluctuations in interest rates on project, appropriate funding policies will be applied including the use of bank and other borrowings, corporate notes payables, convertible note payable and issue of placement shares. The management will continue its efforts in obtaining the most privileged rates and favourable terms to the Group for its financing.

The Group monitors its capital structure based on the gearing ratio. This ratio is calculated as net debts divided by total capital. Total capital is calculated as “equity” as shown in the condensed consolidated statement of financial position plus net debts. The capital structure (including its gearing ratio) as at 30 September 2020 was as follows:

	30 September 2020	31 March 2020
	<i>HK\$’million</i>	<i>HK\$’million</i>
Bank and other borrowings	1,446	1,422
Corporate note payables	662	662
Convertible note payable	68	72
	<hr/>	<hr/>
Total borrowings	2,176	2,156
Less: cash and cash equivalents	(309)	(382)
pledged bank deposits	(5)	(5)
	<hr/>	<hr/>
Net debts	1,862	1,769
Total equity	2,509	2,496
	<hr/>	<hr/>
Total capital	4,371	4,265
	<hr/>	<hr/>
Gearing ratio	43%	42%
	<hr/>	<hr/>

As at 30 September 2020, the maturity and currency profile for the Group's bank and other borrowings, corporate note payables and convertible note payable are set out as follows:

	Within 1 year <i>HK\$'million</i>	2nd year <i>HK\$'million</i>	3–5 years <i>HK\$'million</i>	Total <i>HK\$'million</i>
GBP	11	–	782	793
US\$	548	–	–	548
HK\$	199	182	454	835
	<hr/>	<hr/>	<hr/>	<hr/>
Carrying amount	758	182	1,236	2,176
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

As at 30 September 2020, approximately 83% the Group's borrowings are secured by (1) leasehold land and building (2) bank deposits; and (3) machinery and motor vehicles.

Except for the borrowings with aggregate amounts of approximately HK\$2,074 million which were carried at fixed interest rates, the remaining borrowings of the Group bore floating interest rates.

As at 30 September 2020, cash and cash equivalents were denominated in the following currencies:

	<i>HK\$'million</i>
RMB	41
HK\$	203
GBP	49
US\$	9
Others	7
	<hr/>
	309
	<hr/> <hr/>

Contingent Liabilities

As at 30 September 2020 and 31 March 2020, the Group had no material contingent liabilities.

Exposure to Fluctuations in Exchange Rates

The Group's revenues and other incomes are denominated mainly in Hong Kong dollars ("HK\$"), United States dollars ("US\$"), pounds sterling ("GBP") and Renminbi ("RMB"). The Group's purchases and expenses are mostly denominated in HK\$, US\$, GBP and RMB. The Group has certain foreign currency bank balances and investments in foreign operations such as trade and interest receivables; other receivables, deposits and prepayments; bank balances and cash; other payables, deposits received and accruals and borrowings, which are exposed to foreign currency exchange risk. The Group currently does not have a foreign

currency hedging policy. However, the management monitors foreign exchange exposure of the Group from time to time and will consider hedging significant foreign currency exposure should the need arise.

Employee Information

As at 30 September 2020, the Group had a total of approximately 192 employees (31 March 2020: 197 employees) in Hong Kong and the PRC. The Group maintains a mandatory provident fund scheme for its employees in Hong Kong and participates in the state-managed retirement benefit schemes for its employees in the PRC. The Group has also adopted a share option scheme and a share award scheme. The Group's remuneration policies are formulated according to market practices, experiences, skills and performance of individual employee and are reviewed every year.

BUSINESS PROSPECTS

The past six months were full of opportunities and challenges. Although the COVID-19 epidemic and Sino-US trade war are affecting the pace of global economic recovery, it also adds uncertainties to the financial market. However, the Group implements prudent business strategies to establish a diversified business portfolio that can survive the uncertain market conditions while exploring high-quality asset investment opportunities to explore the growth potential of profit and capital value for shareholders and investors of the Company.

Life Science Business

The global biopharmaceutical market is growing rapidly with more attention of global capital. Meanwhile, China's biotechnology has been developing rapidly, and breakthroughs have been achieved in many fields such as stem cells, synthetic biology, neurobiology, nano biology, and imaging technology. Nowadays, the scale of China's biotechnology industry has continued to grow, the innovation system has been continuously improving, and the rapidly improving research and development capabilities and standards. Biotechnology is one of the most important innovation technology clusters in the 21st century, which is ground breaking, disruptive, leading and integrating with other advanced technologies and will become the core driver to economic development.

The Group taps into the life science industry by cooperating with global life science companies and is committed to enable global life science assets and intellectual property rights to be developed, distributed and commercialized in Greater China and Southeast Asia, so as to meet the huge medical demand that need to be filled in Greater China and Southeast Asia .

The life technology industry has vast development space. Looking forward, the Group will continue to promote industrial innovation with professional investment and to explore new opportunities such as innovative drug patents on a global scale and bring continuous returns to Shareholders.

New Economy Business

Located in the Indo-China Peninsula, Cambodia is an important stop on the ancient Maritime Silk Road and an important location for China to promote the “Belt and Road” construction in the 21st century. The annual GDP growth rate of Cambodia is increasing rapidly and its economic growth rate has ranked among the top six in the world. Now Cambodia is also preparing an economic transformation, with many business opportunities emerging. Meanwhile, Cambodia has a decent investment environment and the market is highly liberalized and internationalized, attracting the attention and injection of global capital. While taking part in the development potential of the smart new city project, the Group is also exploring more business opportunities to invest in more business sectors in Cambodia and to share the development dividend of this high growing emerging market in the future.

As for the existing business, the Group remains confident in the development prospects of the licensed financial business market in Hong Kong and will continue to develop the financial business leveraging on various licenses and its rich management experience.

MATERIAL ACQUISITIONS AND DISPOSALS

During the Period, the Group had not made any material acquisitions and disposal of subsidiaries and associated companies.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to the establishment of good corporate governance practices and procedures that are consistent with the “Corporate Governance Code” (the “**CG Code**”) set out in Appendix 14 to the Listing Rules. The corporate governance principles of the Company emphasise on a quality board of directors, sound internal control, transparency and accountability to all shareholders of the Company.

The Company has applied the principles and complied with all relevant code provisions of the CG Code during the Period, save and except for Code Provisions A.2.1 and A.5.1:

- (i) The CG Code recognizes the importance of the management of the Board and the day-to-day management of the business. The Company has not appointed the chairman and the Board provides leadership for the Company. Having considered the business operation of the Group at the material time, it is believed that the Board, which consists of experienced professionals, can function effectively as a whole, while the executive Directors along with other members of senior management of the Company are effective in overseeing the day-to-day management of the Group under the strong corporate governance structure in place.
- (ii) The Nomination Committee is chaired by an executive Director and comprises a majority of the independent non-executive Director. The Board believed that an executive Director involved in the daily operations of the Company may be better positioned to review the composition of the Board so as to complement the Group’s corporate strategy.

Save for the aforesaid, the Board is of the view that the Company has complied with the code provisions as set out in the CG Code during the Period and up to the date of this announcement.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as its own code of conduct for Directors' securities transaction. The Company has made specific enquiries to all Directors and all Directors confirmed that they have fully complied with the Model Code throughout the Period.

PURCHASE, SALES OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.

GRANT OF GENERAL MANDATE

On 18 September 2020, an ordinary resolution approving the grant of general mandate to issue new shares was duly passed by way of poll at the annual general meeting of the Company (the "AGM"). The general mandate granted the directors of the Company the authority to allot, issue and deal with new shares with an aggregate nominal amount of not exceeding 20% of the issued share capital of the Company as at the date of the AGM.

AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the internal controls and unaudited condensed consolidated interim results and financial report of the Group for the Period.

PUBLICATION OF INTERIM RESULTS

This results announcement will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.acesogrouphk.com). The interim report will be despatched to the shareholders and will be published on the websites of the Stock Exchange and that of the Company, respectively in due course.

By Order of the Board of
Aceso Life Science Group Limited
Fok Chi Tak
Executive Director

Hong Kong, 25 November 2020

As at the date of this announcement, the board of directors of the Company comprises three executive directors, namely Mr. Xu Haiying, Dr. Zhiliang Ou, J.P. (Australia) and Mr. Fok Chi Tak; two non-executive directors, namely Dr. Wang Yu and Dr. Li Yao; and three independent non-executive directors, namely Mr. Chan Ming Sun Jonathan, Mr. Lam Kwan Sing and Mr. Lee Chi Hwa, Joshua.