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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 the Cayman Islands with limited liability)

(Stock Code: 00474)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2021

The board (the “**Board**”) of directors (the “**Directors**”) of Aceso Life Science Group Limited (formerly known as Hao Tian Development Group Limited) (the “**Company**”) hereby announces the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 March 2021 (the “**Year**”) together with the comparative figures for the corresponding period for the year ended 31 March 2020 (the “**Previous Year**”) as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 HK\$'million	2020 HK\$'million
Revenue	3	346	296
Cost of revenue	6	(133)	(129)
Gross profit		213	167
Other income	4	52	90
Fair value (losses)/gains:		(101)	147
— investment properties		10	140
— financial assets at fair value through profit or loss (“ FVTPL ”)		(157)	(7)
— financial liabilities at FVTPL		46	14
Other (losses)/gains, net	5	(2)	6
Administrative expenses	6	(155)	(187)
Impairment losses:		(382)	(357)
— property, plant and equipment		(70)	—
— intangible assets		(28)	(86)
— financial assets (expected credit losses)		(284)	(271)

	<i>Notes</i>	2021 <i>HK\$'million</i>	2020 <i>HK\$'million</i>
Share-based payment expenses		(49)	(2)
Share of results of associates		196	10
Share of results of joint ventures		92	42
Finance costs	7	<u>(187)</u>	<u>(183)</u>
Loss before taxation		(323)	(267)
Income tax expense	8	<u>(25)</u>	<u>(11)</u>
Loss for the year		<u>(348)</u>	<u>(278)</u>
(Loss)/profit for the year attributable to:			
Equity holders of the Company		(376)	(284)
Non-controlling interests		<u>28</u>	<u>6</u>
		<u>(348)</u>	<u>(278)</u>
Loss per share attributable to the equity holders of the Company	10		
Basic (HK\$ cents)		(5.73)	(4.92)
Diluted (HK\$ cents)		<u>(6.33)</u>	<u>(4.92)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021

	2021 <i>HK\$'million</i>	2020 <i>HK\$'million</i>
Loss for the year	<u>(348)</u>	<u>(278)</u>
Other comprehensive income/(loss):		
<i>Items that will not be reclassified to profit or loss</i>		
Fair value gain/(loss) on investments in equity instruments at fair value through other comprehensive income (“ FVTOCI ”)	5	(7)
<i>Items that may be reclassified to profit or loss</i>		
Currencies translation differences	<u>95</u>	<u>(44)</u>
Other comprehensive income/(loss) for the year, net of tax	<u>100</u>	<u>(51)</u>
Total comprehensive loss for the year	<u><u>(248)</u></u>	<u><u>(329)</u></u>
Total comprehensive (loss)/income for the year attributable to:		
Equity holders of the Company	(279)	(335)
Non-controlling interests	<u>31</u>	<u>6</u>
	<u><u>(248)</u></u>	<u><u>(329)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	<i>Notes</i>	2021 <i>HK\$'million</i>	2020 <i>HK\$'million</i>
ASSETS			
Non-current assets			
Property, plant and equipment		258	368
Right-of-use assets		33	43
Investment properties		1,603	1,432
Intangible assets		156	186
Investments in associates		1,341	94
Investments in joint ventures		114	451
Financial assets at FVTOCI		466	352
Financial assets at FVTPL		–	175
Loan receivables	<i>11</i>	89	89
Finance lease receivables		3	3
Corporate note receivables	<i>12</i>	–	144
Deferred tax assets		69	57
Pledged bank deposits		5	5
Other receivables and deposits		2	1
Total non-current assets		4,139	3,400
Current assets			
Inventories		88	89
Properties under development		370	–
Trade receivables	<i>13</i>	135	61
Other receivables, deposits and prepayments		42	51
Financial assets at FVTPL		588	199
Loan receivables	<i>11</i>	516	698
Finance lease receivables		4	4
Corporate note receivables	<i>12</i>	69	130
Trusted and segregated bank accounts		16	20
Cash and cash equivalents		198	382
Total current assets		2,026	1,634
Total assets		6,165	5,034

	<i>Notes</i>	2021 <i>HK\$'million</i>	2020 <i>HK\$'million</i>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	14	69	61
Reserves		2,313	2,429
		2,382	2,490
Non-controlling interests		632	6
Total equity		3,014	2,496
LIABILITIES			
Non-current liabilities			
Lease liabilities		18	28
Deferred tax liabilities		90	63
Bank and other borrowings	15	915	851
Corporate note payables		380	475
Convertible note payables		24	72
Financial liabilities at FVTPL		628	–
Total non-current liabilities		2,055	1,489
Current liabilities			
Lease liabilities		11	12
Bank and other borrowings	15	511	571
Corporate note payables		272	187
Financial liabilities at FVTPL		113	171
Trade payables	16	4	18
Other payables, deposits received and accruals		164	68
Income tax payables		21	22
Total current liabilities		1,096	1,049
Total liabilities		3,151	2,538
Total equity and liabilities		6,165	5,034

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1. GENERAL INFORMATION

Aceso Life Science Group Limited (formerly known as Hao Tian Development Group Limited) (the “**Company**”) is an exempted limited liability company incorporated in the Cayman Islands. Its immediate and ultimate holding company is Asia Link Capital Investment Holdings Limited, which is incorporated in the British Virgin Islands (“**BVI**”), and the ultimate controlling shareholder is Ms. Li Shao Yu. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY-1111, Cayman Islands. The principal place of business in Hong Kong is Rooms 2501–2509, 25/F, Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong. The ordinary shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

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) property development.

These consolidated financial statements are presented in Hong Kong Dollars (“**HK\$**”) and rounded to the nearest million (“**million**”), unless otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the Group consisting of the Company and its subsidiaries.

2.1 Basis of preparation

(a) Changes in accounting policy and disclosures

(i) New and amended standards, improvements and interpretation adopted by the Group

The following new and amendments to HKFRSs, improvements and interpretation have been adopted by the Group for the first time for the financial year beginning on or after 1 April 2020:

Amendments to HKAS 1 and HKAS 8	Definition of material
Amendments to HKFRS 3	Definition of a business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest rate benchmark reform
Revised conceptual framework to financial reporting	

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

- (ii) *New and amended standards, interpretations and revised framework that have been issued but were not yet effective*

Effective for accounting periods beginning on or after 1 April 2021

Amendments to HKFRS 16	COVID-19-related rent concessions
Amendments to HKFRS 4, 7, 9, and 16 and HKAS 39	Interest Rate Benchmark Reform

Effective for accounting periods beginning on or after 1 April 2022

Amendments to HKAS 16	Proceeds before intended use
Amendments to HKFRS 3	Reference to the conceptual framework
Amendments to HKAS 37	Cost of fulfilling a contract
Annual improvements to HKFRS standards 2018–2020	

Effective for accounting periods beginning on or after 1 April 2023

HKFRS 17	Insurance Contracts
Amendments to HKAS 1	Classification of liabilities as current or non-current
Amendments to HKAS 1	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HK-int 5	Amendments in relation to Amendments to HKAS 1

Effective for accounting periods beginning on or after a date to be determined

HKFRS 10 and HKAS 28 Amendment	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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There are no other standards that are not yet effective and that would be expected to have a material impact to the Group in the current or future reporting periods and on foreseeable transactions.

The Group does not intend to early adopt these standards before their respective effective dates.

3. REVENUE AND SEGMENT INFORMATION

a. Description of segments and principal activities

The Group has identified six reportable segments of its business:

- (i) Rental and sale of construction machinery and spare parts business: The Group offers crawler cranes of different sizes, other mobile cranes, aerial platforms and foundation equipment in its construction machinery rental fleet in Hong Kong. The Group also sells construction machinery and spare parts in Hong Kong and Macau.
- (ii) Provision of repair and maintenance and transportation service business: The Group provides repair and maintenance service for construction machinery, in particular the crawler cranes, in Hong Kong. The Group also provides transportation services which include local container delivery, construction site delivery and heavy machinery transport in Hong Kong.

- (iii) Money lending business: The Group holds money lending licenses and offers mortgaged loan and personal loan businesses in Hong Kong.
- (iv) Provision of asset management, securities brokerage, commodities, futures and other financial service business: The Group holds Securities and Future Commission licenses for conducting type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance and provides a wide range of financial services in Hong Kong.
- (v) Property leasing business: The Group holds a commercial property in London, the United Kingdom (the “UK”), for leasing.
- (vi) Property development business: The Group started the property development business during the Year. The Group holds properties under development in Malaysia through a subsidiary and in Cambodia through an associate.

b. Segment profit or loss

The segment profit or loss for the reportable segments provided to the chief operating decision maker and reconciliation to loss before taxation for the years ended 31 March 2021 and 2020 are as follows:

	Rental and sale of construction machinery and spare parts <i>HK\$'million</i>	Provision of repair and maintenance and transportation service <i>HK\$'million</i>	Money lending <i>HK\$'million</i>	Provision of asset management, securities brokerage, commodities, futures and other financial services <i>HK\$'million</i>	Property leasing <i>HK\$'million</i>	Property development <i>HK\$'million</i>	Total <i>HK\$'million</i>
2021							
External revenue	141	8	117	11	69	-	346
Segment results before the following items:	48	4	62	1	63	-	178
— Depreciation and amortisation	(39)	-	-	(1)	-	-	(40)
— Impairment losses:							
— property, plant and equipment	(48)	-	-	-	-	-	(48)
— intangible assets	(28)	-	-	-	-	-	(28)
— financial assets (expected credit losses)	4	-	(28)	(2)	(1)	-	(27)
— Finance costs	(3)	-	(3)	-	(26)	-	(32)
Segment results	(66)	4	31	(2)	36	-	3

2021	Rental and sale of construction machinery and spare parts HK\$'million	Provision of repair and maintenance and transportation service HK\$'million	Money lending HK\$'million	Provision of asset management, securities brokerage, commodities, futures and other financial services HK\$'million	Property leasing HK\$'million	Property development HK\$'million	Total HK\$'million
Unallocated:							
— Other income							35
— Fair value losses							(124)
— Other losses							(1)
— Administrative expenses							(41)
— Impairment losses:							
— property, plant and equipment							(22)
— financial assets (expected credit losses)							(257)
— Share-based payment expenses							(49)
— Share of results of associates							196
— Share of results of joint ventures							92
— Finance costs							(155)
Loss before taxation							(323)

2020	Rental and sale of construction machinery and spare parts HK\$'million	Provision of repair and maintenance and transportation service HK\$'million	Money lending HK\$'million	Provision of asset management, securities brokerage, commodities, futures and other financial services HK\$'million	Property leasing HK\$'million	Total HK\$'million
External revenue	129	9	75	19	64	296
Segment results before the following items:	36	–	48	(12)	198	270
— Depreciation and amortisation	(40)	(1)	–	(4)	–	(45)
— Impairment losses:						
— intangible assets	(86)	–	–	–	–	(86)
— financial assets (expected credit losses)	(6)	–	(91)	(1)	(2)	(100)
— Finance costs	(5)	–	(4)	–	(26)	(35)
Segment results	(101)	(1)	(47)	(17)	170	4

2020	Rental and sale of construction machinery and spare parts <i>HK\$'million</i>	Provision of repair and maintenance and transportation service <i>HK\$'million</i>	Money lending <i>HK\$'million</i>	Provision of asset management, securities brokerage, commodities, futures and other financial services <i>HK\$'million</i>	Property leasing <i>HK\$'million</i>	Total <i>HK\$'million</i>
Unallocated:						
— Other income						7
— Fair value gains						7
— Other gains						6
— Administrative expenses						(22)
— Impairment losses on financial assets (expected credit losses)						(171)
— Share-based payment expenses						(2)
— Share of results of associates						10
— Share of results of joint ventures						42
— Finance costs						(148)
Loss before taxation						(267)

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

c. Geographical information

The geographical information about the Group's revenue from external customers by location of operations and the non-current assets other than financial instruments and deferred tax assets in which the assets are physically located is detailed below:

	Revenue For the year ended 31 March		Non-current assets <i>(note)</i> As at 31 March	
	2021 <i>HK\$'million</i>	2020 <i>HK\$'million</i>	2021 <i>HK\$'million</i>	2020 <i>HK\$'million</i>
Hong Kong	275	227	383	1,124
UK	69	64	1,603	1,432
The People's Republic of China (the "PRC")	—	—	403	18
Macau	2	5	—	—
Cambodia	—	—	1,116	—
	<u>346</u>	<u>296</u>	<u>3,505</u>	<u>2,574</u>

Note:

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

d. Information about major customers

Revenue from external customers over 10% of the total revenue of the Group are as follows:

	2021 <i>HK\$'million</i>	2020 <i>HK\$'million</i>
Customer A		
— Rental and sale of construction machinery and spare parts segment	<u>N/A</u>	<u>30</u>

e. Revenue summary

	2021 <i>HK\$'million</i>	2020 <i>HK\$'million</i>
Revenue from contracts with customers (<i>note i</i>):		
— Sale of construction machinery and spare parts	41	29
— Repair and maintenance and transportation service income	8	9
— Commission income generated from asset management, securities brokerage, commodities, futures and other financial services	<u>7</u>	<u>15</u>
	56	53
Revenue from other sources:		
— Rental income generated from construction machinery	100	100
— Rental income generated from leasing of investment properties	69	64
— Interest income generated from money lending	117	75
— Interest income generated from margin financing	<u>4</u>	<u>4</u>
	290	243
	346	296

Note i:

Disaggregated revenue from contract with customers

For the year ended 31 March 2021

	Sale of construction machinery and spare parts <i>HK\$'million</i>	Provision of repair and maintenance and transportation service <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>
Sale of construction machinery and spare parts	41	–	–	41
Repair and maintenance and transportation service income	–	8	–	8
Commission income generated from asset management, securities brokerage, commodities, futures and other financial services	–	–	7	7
	<u>41</u>	<u>8</u>	<u>7</u>	<u>56</u>
Timing of revenue recognition				
At a point in time	41	–	7	48
Over time	–	8	–	8
Total	<u>41</u>	<u>8</u>	<u>7</u>	<u>56</u>

For the year ended 31 March 2020

	Sale of construction machinery and spare parts <i>HK\$'million</i>	Provision of repair and maintenance and transportation service <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>
Sale of construction machinery and spare parts	29	–	–	29
Repair and maintenance and transportation service income	–	9	–	9
Commission income generated from asset management, securities brokerage, commodities, futures and other financial services	–	–	15	15
	<u>29</u>	<u>9</u>	<u>15</u>	<u>53</u>
Timing of revenue recognition				
At a point in time	29	–	11	40
Over time	–	9	4	13
	<u>–</u>	<u>9</u>	<u>4</u>	<u>13</u>
Total	<u>29</u>	<u>9</u>	<u>15</u>	<u>53</u>

f. Summary of revenue and gross proceeds from the sale of financial assets at FVTPL

	2021 <i>HK\$'million</i>	2020 <i>HK\$'million</i>
Revenue (note 3(e))	346	296
Gross proceeds from the sale of financial assets at FVTPL	<u>175</u>	<u>1,149</u>
Total	<u>521</u>	<u>1,445</u>

4. OTHER INCOME

	2021 <i>HK\$'million</i>	2020 <i>HK\$'million</i>
Interest earned on:		
— corporate note receivables	30	6
— bank deposits	2	1
Forfeiture of partial payment	—	78
Government grant	7	—
Rental income	4	3
Others	9	2
	<u>52</u>	<u>90</u>

5. OTHER (LOSSES)/GAINS, NET

	2021 <i>HK\$'million</i>	2020 <i>HK\$'million</i>
Extinguishment loss on early principal redemption of convertible note payables	(1)	—
Gain on disposal of a subsidiary	—	32
Foreign exchange gain/(loss)	1	(1)
Loss on disposal of property, plant and equipment	(2)	(15)
Loss on remeasurement of corporate note receivables	—	(10)
	<u>(2)</u>	<u>6</u>

6. EXPENSES BY NATURE

	2021 <i>HK\$'million</i>	2020 <i>HK\$'million</i>
Amortisation of intangible assets	2	2
Auditor's remuneration	4	3
Cost of inventories sold	32	27
Depreciation of:		
— property, plant and equipment	51	47
— right-of-use assets	10	8
Direct operating expenses from investment properties	47	40
Employee's benefit expenses	98	120
Professional fee	33	19
Others	11	50
	<u>288</u>	<u>316</u>
Representing:		
— Cost of revenue	133	129
— Administrative expenses	155	187
	<u>288</u>	<u>316</u>

7. FINANCE COSTS

	2021 <i>HK\$'million</i>	2020 <i>HK\$'million</i>
Interest expenses arising from:		
— bank and other borrowings	47	97
— corporate note payables	135	85
— convertible note payables	8	—
— lease liabilities	1	1
Exchange difference on borrowings	(4)	—
	<u>187</u>	<u>183</u>

8. INCOME TAX EXPENSE

The income tax expense in the consolidated statement of profit or loss represented:

	2021 <i>HK\$'million</i>	2020 <i>HK\$'million</i>
Current income tax		
— Current year		
— Hong Kong	20	10
— Overseas	2	7
— Over-provision in prior years	(10)	—
	<u>12</u>	<u>17</u>
Deferred income tax		
— Current year	(7)	(6)
— Under-provision in prior years	20	—
	<u>13</u>	<u>(6)</u>
	<u>25</u>	<u>11</u>

9. DIVIDEND

No dividend has been paid or declared by the Company during the year ended 31 March 2021 (2020: Nil).

10. LOSS PER SHARE

(a) Basic

Basic loss per share was calculated by dividing the loss for the year attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2021	2020
Loss for the year attributable to the equity holders of the Company (HK\$' million)	(376)	(284)
Weighted average number of ordinary shares in issue (million shares)	<u>6,559</u>	<u>5,778</u>
Basic loss per share (HK\$ cents)	<u>(5.73)</u>	<u>(4.92)</u>

(b) Diluted

Diluted loss per share was calculated as follows:

	2021 million	2020 million
Weighted average number of ordinary shares for the purpose of basic loss per share	6,559	5,778
Adjustment for:		
— Assumed exercise of call option	<u>455</u>	<u>—</u>
Weighted average number of ordinary shares for the purpose of diluted loss per share	<u>7,014</u>	<u>5,778</u>
	2021	2020
Loss for the year attributable to the equity holders of the Company (HK\$' million)	(376)	(284)
Adjustments for:		
— Assumed exercise of call option (HK\$' million)	(67)	—
— Assumed grant of share awards by Hao Tian International Construction Investment Group Limited (“HTICI”) (HK\$' million)	<u>(1)</u>	<u>—</u>
Adjusted loss for the year attributable to equity holders of the Company used to determine the diluted loss per share	<u>(444)</u>	<u>(284)</u>
Weighted average number of ordinary shares in issue (million shares)	<u>7,014</u>	<u>5,778</u>
Diluted loss per share (HK\$ cents)	<u>(6.33)</u>	<u>(4.92)</u>

11. LOAN RECEIVABLES

	2021 <i>HK\$'million</i>	2020 <i>HK\$'million</i>
Non-current		
— Secured fixed-rate loan receivables	92	95
— Less: Allowance for expected credit losses	(3)	(6)
	<u>89</u>	<u>89</u>
Current		
— Secured fixed-rate loan receivables	133	257
— Unsecured fixed-rate loan receivables	590	610
— Less: Allowance for expected credit losses	(207)	(169)
	<u>516</u>	<u>698</u>
	<u><u>605</u></u>	<u><u>787</u></u>

12. CORPORATE NOTE RECEIVABLES

	2021 <i>HK\$'million</i>	2020 <i>HK\$'million</i>
Non-current		
Imperial Pacific International Holdings Limited (“ Imperial Pacific ”)	–	251
Less: Allowance for expected credit losses	–	(107)
	<u>–</u>	<u>144</u>
Current		
Imperial Pacific	262	–
CISI Investment Limited	167	156
Less: Allowance for expected credit losses	(360)	(26)
	<u>69</u>	<u>130</u>
	<u><u>69</u></u>	<u><u>274</u></u>

13. TRADE RECEIVABLES

	2021 <i>HK\$'million</i>	2020 <i>HK\$'million</i>
Trade receivables arising from:		
— rental income from construction machinery business	46	54
— trading and provision of other service from construction machinery	—	1
— provision of other financial services	3	9
— securities brokerage	78	17
— rental income from leasing of investment properties	23	2
	<u>150</u>	<u>83</u>
Less: Allowance for expected credit losses	(15)	(22)
	<u><u>135</u></u>	<u><u>61</u></u>

The Group allows an average credit period of 0–30 days to its trade customers arising from construction machinery and sales of construction materials business. The credit period provided to customers can be longer based on a number of factors including the customer's credit profile and relationship with the customers. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed regularly. The Group has a policy for allowance for expected credit losses which is based on the evaluation of the collectability and aging analysis of accounts on every individual trade debtor basis and on the management's judgement including creditworthiness and the past collection history of each customer.

For those commodities, futures and securities trading clients, it normally takes two to three days to settle after trade date of those transactions. These outstanding unsettled trades due from clients are reported as trade receivables from clients.

The margin clients of the commodities, futures and securities brokerage business are required to pledge their investments to the Group for credit facilities for commodities, futures and securities trading. The settlement terms of trade receivables from clearing houses are usually one to two days after the trade date.

The ageing analysis by invoice date of trade receivables (other than rental income from leasing of investment properties) before allowance for expected credit losses is as follows:

	2021 <i>HK\$'million</i>	2020 <i>HK\$'million</i>
0–30 days	91	30
31–60 days	13	16
61–90 days	3	1
91–180 days	7	10
181–365 days	5	11
Over 365 days	8	13
	<u><u>127</u></u>	<u><u>81</u></u>

14. SHARE CAPITAL

	Number of shares ('million)	Share capital HK\$'million
Ordinary shares of HK\$0.01 each		
Authorised		
At 1 April 2019 and 2020, 31 March 2020 and 2021	50,000	500
Issued and fully paid		
At 1 April 2019	5,285	53
Issue of consideration shares	800	8
Issue of emolument shares	7	—
At 31 March 2020 and 1 April 2020	6,092	61
Issue of placement shares	400	4
Issue of subscription shares	200	2
Issue of shares on conversion of convertible note payables	240	2
At 31 March 2021	6,932	69

15. BANK AND OTHER BORROWINGS

	Current portion HK\$'million	2021 Non-current portion HK\$'million	Total HK\$'million	Current portion HK\$'million	2020 Non-current portion HK\$'million	Total HK\$'million
Bank borrowings	44	47	91	47	63	110
Loans from other financial institutions	437	838	1,275	494	758	1,252
Loans from a director of subsidiaries	30	30	60	30	30	60
	511	915	1,426	571	851	1,422

The Group's bank and other borrowings were repayable as follows:

	Bank borrowings HK\$'million	2021 Other borrowings HK\$'million	Total HK\$'million	Bank borrowings HK\$'million	2020 Other borrowings HK\$'million	Total HK\$'million
Within 1 year	44	467	511	47	524	571
Between 1 and 2 years	24	30	54	32	35	67
Between 2 and 5 years	23	838	861	31	19	50
Over 5 years	—	—	—	—	734	734
	91	1,335	1,426	110	1,312	1,422

16. TRADE PAYABLES

	2021 HK\$'million	2020 HK\$'million
Trade payables to brokers and clearing houses arising from commodities, futures and securities brokerage	–	11
Trade payables arising from construction machinery business	4	7
	<u>4</u>	<u>18</u>

The settlement terms of payables to brokers, clearing houses and securities trading clients from the ordinary course of business of brokerage in securities range from two to three days after the trade date of those transactions. The settlement terms of trade payables arising from construction machinery from the ordinary course of business range from 0–45 days.

An aging analysis of the Group's trade payables arising from construction machinery and sales of construction materials business at the end of the reporting period presented based on the invoice dates is as follows:

	2021 HK\$'million	2020 HK\$'million
0–30 days	1	1
31–60 days	2	2
61–180 days	1	3
181–365 days	–	–
Over 365 days	–	1
	<u>4</u>	<u>7</u>

17. EVENTS AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION

Deemed disposal of interest in HTICI and acquisition

In April 2021, HTICI entered into an acquisition agreement with an independent third party to acquire 49% equity interests in a target company with a consideration of approximately HK\$286 million. The target company, through its interests in a segregated portfolio of Tisé Opportunities SPC, acquired shares of New Gains Group Limited, a subsidiary of China Evergrande Group, which owns Fangchebao Group Co. Ltd.* (房車寶集團股份有限公司). The consideration was settled by the allotment and issue of approximately 867 million shares of HTICI. The transaction was completed in May 2021. This investment will be treated as a financial asset at FVTPL on the consolidated statement of financial position.

The allotment and issue of the consideration shares by HTICI resulted in the dilution of the Group's percentage holding in HTICI from approximately 53% to 47%. The directors of the Company considered that the Group has de facto control over HTICI even though it has less than 50% of voting rights. The Group is the majority shareholder of HTICI and the other vote holders of HTICI are dispersed. There is no history of other shareholders forming a group to exercise their votes collectively.

MANAGEMENT DISCUSSION AND ANALYSIS

CHANGE OF COMPANY NAME

Pursuant to a special resolution passed at 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 (the “**Change of Company Name**”) on 21 September 2020.

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

BUSINESS REVIEW

Impact of COVID-19

Facing with the unprecedented challenge of the COVID-19 pandemic during the Year, the Group has adjusted its corporate management direction by exploring new development opportunities. During the Year, on top of the existing businesses, the Group has explored business opportunities in life science and property development fields.

Though operations of the construction industry in Hong Kong have been affected as a consequence of COVID-19, due to the relatively stable undertaking of government infrastructure projects, the Group managed to record an increase in the sales of construction machinery and spare parts as well as stable rental income generated from construction machinery during the Year. The occupancy rate for the rental machineries was approximately 80%. Although there were some occasional lockdown at construction sites, this did not affect our rental income charged on our customers.

For our investment property in the UK, 55 Mark Lane, the Group managed to lease out all upper levels of the property which are for office use.

To manage the impact of COVID-19, the Group maintained its operation and put in place precautionary and risk mitigation measures, including suitably deploying remote work arrangements, periodic deep cleaning and sanitisation for both our warehouse and offices, provision of facemasks or other personal protection equipment for all employees, body temperature measurement for all personnel at workplaces, and proper record keeping of work schedule and contact history for tracing.

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, sales 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 commercialises cell-based therapies for the treatment of patients with acute and chronic liver diseases in humans. The Group has also 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 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.

In 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 liver diseases.

As the pandemic progressed, it has been calling for novel strategies and technologies and more flexible approach adopted by regulators about clinical trial design and the speed of trials. It is expected to accelerate the development of bioscience and health care industry. The Group will continue to form strategic alliance to leverage the experience, expertise and capacities of partners and potential investment targets.

Property development Business

Cambodia investment

In January 2021, the Group, through a subsidiary of Hao Tian International Construction Investment Group Limited (“**HTICI**”), acquired 22% equity interests in a project company, CESIZ (Cambodia) Co., Ltd (“**CESIZ**”), which is incorporated in Cambodia. HTICI is a listed company in Hong Kong with stock code 01341.HK. The project company is principally engaged in investment in urban complex development project. Under the sub-decree 122/2019 (the “**Sub-decree**”) on the establishment of CESIZ Special Economic Zone granted by the Council of Ministers in Cambodia to CESIZ, the Council of Ministers approved CESIZ to establish a special economic zone (the “**Special Economic Zone**”) with a size of 17,252,519 square meters at Koh Kong Province, Cambodia. Under the Sub-Decree, CESIZ shall have the sole and exclusive right to develop the Special Economic Zone with all the necessary land use rights, including those for residential, industrial and commercial development purpose. The principal assets of CESIZ is a land for development (the “**Project Land 1**”).

The consideration for the acquisition was HK\$1,125 million which was settled by (i) HK\$125 million by the allotment and issue of consideration shares of HTICI; (ii) HK\$850 million by the issue of consideration notes by HTICI; and (iii) HK\$150 million by the issue of consideration convertible bonds by HTICI. The consideration convertible bonds were fully converted into the ordinary shares of HTICI on 26 February 2021.

CESIZ is engaged in investment in urban complex development project on the Project Land 1, including the construction of clean energy industrial parks along with designated areas for residential properties. The location of the Special Economic Zone enjoys geographical advantage. The Special Economic Zone is located in the middle of the 144-kilometre major national highway No. 4 in Cambodia and port terminals, connecting the highway to the port, with the deep-water harbor under planning. The Special Economic Zone is also in close proximity to the Phnom Penh-Sihanoukville Expressway, which is currently under construction. The Special Economic Zone has the benefit of the convenient domestic road transport hub in Phnom Penh, Cambodia that will reduce the transportation costs of corporate products and labour costs. The development in the Special Economic Zone will be freehold properties which allow enterprises, commercial and residential investors to invest in the area to have a long-term secure investment plan.

The acquisition allows the Group to invest and gain exposure in urban complex development project in a premium location in Cambodia and strengthen the Group's comprehensive investment portfolio. Cambodia is a member of the Association of Southeast Asian Nations ("ASEAN") and is one of the most promising developing countries in the ASEAN region. Cambodia is a member of the World Trade Organization ("WTO") as a developing country, and investments in the country can enjoy the WTO preferential tariff for imports and exports from and to its membership countries, while other countries like the United States (the "U.S.") and Japan, also offer Cambodia preferential tariff and quota-free incentives. According to the World Bank, Cambodia's gross domestic product ("GDP") has continued to grow at an average rate of over 7% over the past decade, ranking first in ASEAN countries in terms of economic growth. Cambodia's GDP reached US\$27 billion and GDP per capita reached US\$1,643 in 2019, making it one of the fastest growing economies in the world and one of the emerging countries of investment hotspot in Southeast Asia. The stable political environment and dynamic labour force in Cambodia, together with the preferential tax policies and freedom of capital flows, have successfully attracted foreign investors. In addition, Cambodia has established a long-term friendly relationship with China and provides strong support to China in ASEAN. The Chinese government's "One Belt, One Road" development strategy has brought significant investment from Chinese enterprises, creating huge potential for Cambodia's business development. The bilateral "China-Cambodia Free Trade Agreement" signed between China and Cambodia will bring more tangible benefits and development opportunities to both countries. As an emerging developing economy in which basic infrastructure within the country needs to be fully developed, all industries in Cambodia have enormous room for development.

Given the promising long-term economic development of Cambodia and prospects of the urban complex development project, there is potential for attractive capital appreciation for this investment over the long term.

Having considered the above reasons, the Group considers that the acquisition serves as a good opportunity to diversify its business and to invest in the Project Land 1 with a view to realising the land value and enhancing shareholder value in the long run.

Malaysia investment

In February 2021, the Group, through a subsidiary of HTICI, acquired 100% equity interests in a project company, Dasar Prisma Sdn. Bhd. (“**Dasar**”) with a total consideration of HK\$370 million. The consideration was satisfied by the issue of promissory notes by HTICI. Dasar is incorporated in Malaysia and holds a residential and commercial mixed property development project located at Port Dickson, Negeri Sembilan, Malaysia comprising 267,500 square meters (or 2,879,343 square feet) (the “**Project Land 2**”). The Project Land 2 is held from the government for a lease term of 99 years expiring on 8 February 2097 for residential and commercial building uses.

Port Dickson is a popular resort destination at Negeri Sembilan, Malaysia and about 80 kilometers from Kuala Lumpur. Based on the available statistics published by the Valuation and Property Services Department of Malaysia, the overall house price index of Negeri Sembilan has increased from approximately 150 in 2015 to approximately 192 in 2019 with a compound annual growth rate of approximately 5.05%. The Group considers that there would be an upward potential for the property market in Negeri Sembilan.

The potential of investing in Malaysia can be further supported by the rising GDP in Malaysia. According to the statistics published by the Department of Statistics Malaysia, the nominal GDP of Malaysia has increased by over 28% from approximately RM1,176,941 million (equivalent to approximately HK\$2,283,266 million) in 2015 to RM1,510,693 million (equivalent to approximately HK\$2,930,744 million) in 2019 with a compound annual growth rate of approximately 5.12%. The Group considers that there would be a vibrant economic growth and future prospects in Malaysia. The addition of the Project Land 2 will enhance the Group’s investment portfolio of property development projects along the “One Belt, One Road” regions.

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 31 March 2021, the outstanding loan receivables of the money lending business of the Group (net of allowance for expected credit losses) was approximately HK\$605 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\$157 million was recorded during the Year.

Leasing business

During the Year, the rental income derived from 55 Mark Lane contributed revenue of approximately HK\$69 million (2020: approximately HK\$64 million) and the fair value gain on investment property was approximately HK\$10 million (2020: approximately HK\$140 million).

Construction machinery business

During the Year, the sales of construction machinery and spare parts and rental income generated from construction machinery were approximately HK\$41 million (2020: HK\$29 million) and approximately HK\$100 million (2020: HK\$100 million) respectively. The increase in revenue was mainly attributable to the increase in the revenue from trading of used construction machinery, due to the increased demand for foundation equipment such as RCD machines and oscillators.

Commodities, futures and securities brokerage business

During the Year, the revenue from the provision of asset management, securities brokerage, commodities, futures and other financial service was approximately HK\$11 million (2020: approximately HK\$19 million). The decrease was mainly attributable to the decrease in the brokerage service provided.

FINAL DIVIDEND

The Board does not recommend the payment of any dividend for the Year (2020: Nil).

FINANCIAL REVIEW

The Group had incurred a loss of approximately HK\$348 million for the Year (2020: approximately HK\$278 million). Such loss was mainly attributable to: (i) the recognition of allowance on expected credit losses on financial assets, particularly from corporate note receivables from Imperial Pacific International Holdings Limited (“**Imperial Pacific**”) of approximately HK\$156 million (2020: approximately HK\$107 million) and loan receivables of approximately HK\$43 million (2020: approximately HK\$92 million), as a result of default; (ii) the recognition of share-based payment of approximately HK\$49 million (2020: approximately HK\$2 million), which was mainly arising from the grant of share options to Co-High in July 2020; (iii) the net fair value losses in financial assets and liabilities through profit or loss, which was mainly attributable to the fair value loss of approximately HK\$133 million (2020: approximately HK\$61 million) on the equity investment in Imperial Pacific; and (iv) the under-provision of deferred tax in prior years on capital gain tax for the investment properties in the UK of approximately HK\$34 million (2020: Nil); while offsetting the share of results of associates of approximately HK\$196 million (2020: approximately HK\$10 million), mainly as a result of the bargain purchase from the acquisition of a Cambodia project.

Revenue

During the Year, revenue was approximately HK\$346 million (2020: approximately HK\$296 million), representing an increase of approximately 17%. The increase was mainly attributable to increase in revenue from money lending business and rental and sales of construction machinery business.

Fair value losses on financial assets at fair value through profit or loss, net

The details of the Group's securities investments and the fair value losses recognised for the Year 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 31 March 2021	Percentage of shareholdings at 31 March 2021	Fair value at 31 March 2020	Fair value at 31 March 2021	Fair value (losses)/gains for the Year	Percentage of total assets of the Group at 31 March 2021
	Notes				(note 1)	HK\$'million	HK\$'million	HK\$'million	
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	9.56%	1	8	7	0.13%
Imperial Pacific International Holdings Limited (1076)	2	4,062,000,000	2.84%	4,062,000,000	2.84%	174	41	(133)	0.67%
Far East Holdings International Limited (36)		4,983,000	0.46%	4,983,000	0.46%	1	1	–	0.02%
Beijing Properties (Holdings) Limited (925)		8,140,000	0.12%	8,140,000	0.12%	1	1	–	0.02%
CA Cultural Technology Group Limited (1566)	3	35,890,000	3.90%	–	–	108	–	(13)	–
Haitong International Securities Group Limited (665)	4	–	–	2,962,000	0.05%	–	7	(3)	0.11%
China Evergrande Group (3333)		–	–	–	–	–	–	(8)	–
Riverwood Multi-Growth Fund	5	N/A	N/A	N/A	N/A	–	456	32	7.40%
Atlantis China Fund	6	N/A	N/A	N/A	N/A	31	36	5	0.58%
Riverwood Umbrella Fund		N/A	N/A	N/A	N/A	19	19	–	0.31%
Unlisted debt instrument		N/A	N/A	N/A	N/A	12	15	(1)	0.24%
Financial derivatives		N/A	N/A	N/A	N/A	17	–	(17)	–
Convertible note receivable		N/A	N/A	N/A	N/A	–	4	(42)	0.06%
Futures		N/A	N/A	N/A	N/A	–	–	16	–
						<u>374</u>	<u>588</u>	<u>(157)</u>	<u>9.54%</u>

Notes:

1. The percentage of shareholdings is calculated with reference to the monthly return of equity issuer on movements in securities for the month ended 31 March 2021 of the issuers publicly available on the website of the Stock Exchange.
2. Imperial Pacific 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 annual report for the year ended 31 December 2020, Imperial Group recorded revenue of approximately HK\$27 million and total comprehensive loss of approximately HK\$2,855 million. As at 31 December 2020, Imperial Group recorded net current liabilities and net liabilities of approximately HK\$9,370 million and HK\$2,733 million respectively.

3. 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 annual 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 48 million shares of CA Cultural during the Year.

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 annual report for the year ended 31 December 2020, Haitong Group recorded revenue of approximately HK\$8,330 million and total comprehensive income of approximately HK\$1,820 million.

The Group acquired approximately 8 million shares and disposed approximately of 5 million shares of Haitong during the Year.

5. Riverwood Multi-Growth Fund (the “**Riverwood Fund**”) mainly invests 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 the Greater China Region. The Riverwood Fund may invest in Exchange-Traded Funds (ETFs), U.S. Treasury securities and derivative products.
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 Hong Kong Dollars, Renminbi and United States Dollars, including cash deposits and money market instruments.

Impairment losses on property, plant and equipment

During the Year, the Group recognised impairment losses of approximately HK\$70 million on certain corporate assets included in the property, plant and equipment, as a result of the loss recognised in respective cash-generating units.

Allowance for expected credit losses on financial assets

During the Year, the Group recognised allowance for expected credit losses on financial assets of approximately HK\$284 million (2020: approximately HK\$271 million). The increase in the amount was mainly attributable to: (i) the full allowance provided for Imperial Pacific included in corporate loan receivables; and (ii) the increase in default in loan receivables. The note from Imperial Pacific was default in April 2021. According to the 2020 annual report, Imperial Pacific recorded net current liabilities and net liabilities. The Group engaged an independent professional valuer for assessing the allowance for expected credit losses on financial assets.

Administrative expenses

During the Year, administrative expenses were approximately HK\$155 million (2020: approximately HK\$187 million), representing a decrease of approximately 17%. Among the administrative expenses incurred during the Year, approximately HK\$16 million (2020: approximately HK\$18 million) was related to depreciation and non-cash in nature; while the remaining expenses of approximately HK\$139 million (2020: HK\$169 million) were mainly related to staff costs of approximately HK\$63 million (2020: HK\$87 million). The decrease in cash nature administrative expenses was mainly attributable to the effective implementation in cost-saving plans.

Share-based payment expenses

During the Year, share-based payment expenses of approximately HK\$49 million were recognised. Included in the amount of approximately HK\$39 million represented approximately 609 million share options at HK\$0.25 each granted to Co-High in relation to the formation of a joint venture between the Group and Co-High to undertake the business of development, manufacture, sales 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. The remaining share-based payment expenses were related to the share awards and emolument shares to certain directors and employees.

Finance costs

During the Year, the finance costs were approximately HK\$187 million (2020: approximately HK\$183 million), representing an increase of approximately 2%.

Taxation

During the Year, the net income tax expense was approximately HK\$25 million (2020: approximately HK\$11 million). The increase in the amount was mainly attributable to the under-provision of the deferred tax of approximately HK\$34 million on capital gain tax in relation to the investment properties in the UK, with effect to the new rules on 1 April 2019. The new rules apply to gains in value post 1 April 2019 with applicable tax rate of 19%.

Share of results of associates

During the Year, the share of results of associates mainly represented the share of results arising from the excess of net fair value of identifiable assets over costs of investments for newly acquired associates of approximately HK\$215 million and the post-acquisition loss of approximately HK\$19 million.

Fair value gains on financial assets at fair value through other comprehensive income, net

		Percentage of shareholdings at 31 March 2020	Percentage of shareholdings at 31 March 2021	Fair value at 31 March 2020 HK\$'million	Fair value at 31 March 2021 HK\$'million	Fair value (loss)/gain for the Year HK\$'million	Percentage of total assets of the Group at 31 March 2021
Notes							
Classified as financial assets at fair value through other comprehensive income							
Name							
Goodwill International (Holdings) Limited	a	7.54%	7.54%	28	8	(20)	0.13%
Co-lead Holdings Limited	b	1.44%	1.13%	28	32	4	0.52%
Quan Yu Tai Investment Company Limited	c	15%	15%	296	306	10	4.96%
Oshidori International Holdings Limited	d	–	3.07%	–	120	11	1.95%
				352	466	5	7.56%

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 is principally engaged in trading of securities, provision of finance and holding of investments in financial services industry.
- Quan Yu Tai Investment Company Limited 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.
- 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 annual report for the year ended 31 December 2020, Oshidori recorded revenue of approximately HK\$280 million and total comprehensive income of approximately HK\$3,449 million.

The Group held 187,500,000 shares of Oshidori as at 31 March 2021 (31 March 2020: Nil).

Liquidity, Capital Structure and Financial Resources

As at 31 March 2021, the Group's current assets and current liabilities were approximately HK\$2,026 million (31 March 2020: approximately HK\$1,634 million) and HK\$1,096 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 note payables, convertible note payables 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 31 March 2021 and 31 March 2020 was as follows:

	31 March 2021 HK\$'million	31 March 2020 HK\$'million
Bank and other borrowings	1,426	1,422
Corporate note payables		
— at amortised cost	652	662
— at FVTPL	628	—
Convertible note payables	24	72
	<hr/>	<hr/>
Total borrowings	2,730	2,156
Less: cash and cash equivalents	(198)	(382)
pledged bank deposits	(5)	(5)
	<hr/>	<hr/>
Net debts	2,527	1,769
Total equity	3,014	2,496
	<hr/>	<hr/>
Total capital	5,541	4,265
	<hr/>	<hr/>
Gearing ratio	46%	41%
	<hr/>	<hr/>

As at 31 March 2021, the maturity and currency profile for the Group's bank and other borrowings, corporate note payables and convertible note payables 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>
Pounds Sterling (“ GBP ”)	4	–	839	843
United States Dollars (“ US\$ ”)	408	–	–	408
HK\$	371	458	22	851
Others	–	–	628	628
	<hr/>	<hr/>	<hr/>	<hr/>
Carrying amount	<u>783</u>	<u>458</u>	<u>1,489</u>	<u>2,730</u>

As at 31 March 2021, approximately 95% of 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 amount of approximately HK\$1,344 million which were carried at fixed interest rates, the remaining borrowings of the Group bore floating interest rates.

As at 31 March 2021, cash and cash equivalents were denominated in the following currencies:

	<i>HK\$'million</i>
Renminbi (“ RMB ”)	32
HK\$	116
GBP	39
US\$	9
Others	2
	<hr/>
	<u>198</u>

Contingent Liabilities

As at 31 March 2021, the Group had no material contingent liabilities.

Exposure to Fluctuations in Exchange Rates

The Group's revenues and other incomes are denominated mainly in HK\$, US\$, GBP and 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 31 March 2021, the Group had a total of approximately 175 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.

EQUITY FUND RAISING ACTIVITIES

The details of equity fund raising activities during the Year and the actual use of proceeds are as follows:

Date of announcement	Events	Approximate net proceeds	Intended use of net proceeds	Actual use of proceeds as at the date of this announcement
7 September 2020	Placing of a total of 234,296,000 shares of HTICI ("HTICI Shares") at the placing price of HK\$0.285 per placing HTICI Share by HTICI, a non-wholly owned subsidiary of the Company (the "HTICI Placing")	HK\$66,440,488	<p>The net proceeds of approximately HK\$66.44 million from the HTICI Placing were intended to be used in the following manner:</p> <p>(i) approximately HK\$33.22 million (representing 50% of the net proceeds) to be used for general working capital of HTICI; and</p> <p>(ii) approximately HK\$33.22 million (representing 50% of the net proceeds), to be used to support the development of the existing financial business of HTICI, including securities brokerage, asset management and securities investments.</p>	All the proceeds have been used as intended.

Date of announcement	Events	Approximate net proceeds	Intended use of net proceeds	Actual use of proceeds as at the date of this announcement
24 July 2020	Placing of a total of 400,000,000 Shares at the placing price of HK\$0.25 per placing Share by the Company (the “ Placing ”)	HK\$99,500,000	The total proceeds of approximately HK\$149.5 million from the Placing and the Subscription were adjusted to be used in the following manner:	All the proceeds have been used as adjusted.
	Issue of 200,000,000 Shares by way of subscription at the subscription price of HK\$0.25 per subscription Share (the “ Subscription ”)	HK\$50,000,000	<ul style="list-style-type: none"> (i) approximately HK\$46 million to be applied for the subscription of the convertible bonds to be issued by Promethera Biosciences; (ii) approximately HK\$3 million to be applied for the working capital related to bioscience business of the Group: and (iii) approximately HK\$101 million to be applied for repayment of indebtedness and working capital of the Group. 	

BUSINESS PROSPECTS

The past year were full of opportunities and challenges. The COVID-19 pandemic is affecting the pace of global economic recovery and 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 research and development capabilities and standards have been rapidly improving. 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 enabling global life science assets and intellectual property rights to be developed, distributed and commercialised in Greater China and Southeast Asia, so as to meet the huge medical demand that needs 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 of the Company.

Property Development 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 “One Belt, One Road” construction in the 21st century. The annual GDP growth rate of Cambodia has been 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 liberalised and internationalised, attracting the attention and injection of global capital. While taking part in the development potential of the land development 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.

At the same time, Malaysia is one of the most popular countries in Asia. From 2017 to 2018, Malaysia was also selected as the second most competitive ASEAN in the world, second only to Singapore. In recent years, Malaysia’s GDP has continued to rise, which proves that Malaysia has strong investment potential. According to statistics released by the Department of Statistics Malaysia, Malaysia’s nominal GDP has grown at a compound annual growth rate of approximately 5% in recent years. The Group is also deploying and looking for local high-quality projects, following the layout along the “One Belt, One Road” region.

Existing Businesses

Looking forward, the Group remains confident in its existing businesses and will continue to monitor the performance in order to maximise the returns to its shareholders.

MATERIAL ACQUISITIONS AND DISPOSALS

During the Year, the Group had the following material acquisitions:

- 100% equity interests in a subsidiary, incorporated in the BVI, in January 2021. This subsidiary holds 22% equity interests in an associate, incorporated in the Cambodia, which owns a land for development in Cambodia; and
- 100% equity interests in a subsidiary, incorporated in the BVI, in February 2021. This subsidiary, through its subsidiaries, owns a land for development in Malaysia.

Saved as disclosed, the Group had not made any material disposal of subsidiaries and associated companies during the Year.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain sound and well-established corporate governance practices and procedures that are consistent with the Corporate Governance Code (the “**CG Code**”) set out in Appendix 14 to the Rules Governing the listing of securities on the Stock Exchange (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 throughout the Year, save and except Code Provisions A.2.1 and A.5.1:

- (i) The CG Code recognises 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; and
- (ii) The nomination committee was chaired by an executive Director and comprised of a majority of the independent non-executive Directors. The Board believes 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.

MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules as its own code of conduct for Directors’ securities transactions. The Company has made specific enquiry to all Directors and all Directors confirmed that they have fully complied with the Model Code for the Year.

PURCHASE, SALE 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 Year.

AUDIT COMMITTEE

The Company established an audit committee on 16 May 2006 with reference to “A Guide for the Formation of an audit committee” published by the Hong Kong Institute of Certified Public Accountants. The terms of reference of the audit committee are consistent with the code provisions as set out in the CG Code and are available on the Company’s website. The audit committee has reviewed the audited consolidated financial statements for the Year and this announcement of the Company.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and consolidated statement of comprehensive income and the related notes thereto for the Year as set out in this announcement have been agreed by the Group’s auditor to the amounts set out in the Group’s audited consolidated financial statements for the Year. The work performed by the auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor on this announcement.

PUBLICATION OF THIS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Company (www.acesogrouphk.com) and the Stock Exchange (www.hkex.com.hk). The 2020/21 annual report of the Company containing all information required by the Listing Rules will be despatched to shareholders of the Company and available on the same websites in due course.

APPRECIATION

The Board would like to take this opportunity to express its sincere gratitude to the management team and staff for their hard work and contributions, and to our shareholders, investors and business partners for their trust and support.

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

Hong Kong, 25 June 2021

As at the date of this announcement, the Board 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.

* for identification purpose only