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信銘生命科技集團有限公司
Aceso Life Science Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00474)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

The board (the “**Board**”) of directors (the “**Directors**”) of Aceso Life Science 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 2021 (the “**Period**”).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2021

		Six months ended 30 September	
	Notes	2021 HK\$'million (unaudited)	2020 HK\$'million (unaudited)
Revenue	4	166	194
Cost of revenue		(73)	(71)
Gross profit		93	123
Other income	5	16	35
Fair value losses, net:		(19)	(162)
— investment properties		129	—
— financial assets at fair value through profit or loss (“FVTPL”)		(116)	(159)
— financial liabilities at FVTPL		(32)	(3)
Other gains, net	5	13	1
Administrative expenses		(72)	(70)
Allowance for expected credit loss on financial assets		(108)	(288)
Share-based payment expenses		(4)	(39)
Share of results of associates		23	43
Share of results of joint ventures		15	(18)
Finance costs	6	(64)	(72)
Loss before taxation		(107)	(447)
Income tax expense	7	(23)	(10)
Loss for the period		(130)	(457)
Loss for the period attributable to:			
Equity holders of the Company		(83)	(434)
Non-controlling interests		(47)	(23)
		(130)	(457)
Loss per share attributable to the equity holders of the Company			
Basic (HK\$ cents)	9	(1.18)	(7.00)
Diluted (HK\$ cents)	9	(1.63)	(7.00)

	Six months ended 30 September	
	2021	2020
	<i>HK\$'million</i>	<i>HK\$'million</i>
	(unaudited)	(unaudited)
Loss for the period	<u>(130)</u>	<u>(457)</u>
Other comprehensive (loss)/income:		
<i>Items that will not be reclassified to profit or loss</i>		
Fair value (loss)/gain on investments in equity instruments at fair value through other comprehensive income (“FVTOCI”)	(96)	96
<i>Items that may be reclassified to profit or loss</i>		
Currencies translation differences	<u>(22)</u>	<u>24</u>
Other comprehensive (loss)/income for the period, net of tax	<u>(118)</u>	<u>120</u>
Total comprehensive loss for the period	<u>(248)</u>	<u>(337)</u>
Total comprehensive loss for the period attributable to:		
Equity holders of the Company	(189)	(314)
Non-controlling interests	<u>(59)</u>	<u>(23)</u>
	<u>(248)</u>	<u>(337)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2021

		As at 30 September 2021	As at 31 March 2021
	Notes	HK\$'million (unaudited)	HK\$'million (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		246	258
Right-of-use assets		27	33
Investment properties		1,693	1,603
Intangible assets		156	156
Investments in associates		1,364	1,341
Investments in joint ventures		129	114
Financial assets at FVTOCI		304	466
Loan receivables		34	89
Finance lease receivables		3	3
Deferred tax assets		82	69
Pledged bank deposits		5	5
Other receivables and deposits		11	2
Total non-current assets		4,054	4,139
Current assets			
Inventories		2	88
Properties under development		370	370
Trade receivables	10	164	135
Other receivables, deposits and prepayments		106	42
Financial assets at FVTPL		984	588
Loan receivables		198	516
Finance lease receivables		5	4
Corporate note receivables		477	69
Trusted and segregated bank accounts		22	16
Cash and cash equivalents		365	198
Total current assets		2,693	2,026
Total assets		6,747	6,165

		As at 30 September 2021	As at 31 March 2021
	<i>Notes</i>	<i>HK\$'million</i> (unaudited)	<i>HK\$'million</i> (audited)
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	11	74	69
Reserves		2,098	2,313
		2,172	2,382
Non-controlling interests		1,001	632
Total equity		3,173	3,014
LIABILITIES			
Non-current liabilities			
Lease liabilities		14	18
Deferred tax liabilities		112	90
Bank and other borrowings		1,438	915
Corporate note payables		370	380
Convertible note payables		–	24
Financial liabilities at FVTPL		686	628
Total non-current liabilities		2,620	2,055
Current liabilities			
Lease liabilities		9	11
Bank and other borrowings		505	511
Corporate note payables		233	272
Financial liabilities at FVTPL		–	113
Trade payables	12	5	4
Other payables, deposits received and accruals		172	164
Income tax payables		30	21
Total current liabilities		954	1,096
Total liabilities		3,574	3,151
Total equity and liabilities		6,747	6,165

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

1. GENERAL INFORMATION

Aceso Life Science 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 other financial services; (iv) asset management; (v) rental and trading of construction machinery; (vi) provision of repair and maintenance and transportation service; (vii) property development; and (viii) property leasing.

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\$**”), and rounded to the nearest million, unless otherwise stated.

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 (the “**Listing Rules**”). The condensed consolidated financial statements should be read in conjunction with the Group’s annual financial statements as at 31 March 2021, 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 2021 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2021.

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 2021. 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 HKFRS 16	Covid-19-Related Rent Concession
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

Key events during the six months ended 30 September 2021

- (1) In April 2021, the Group 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, acquires shares of New Gains Group Limited (“**NGG**”), 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 issuance of approximately 867 million shares of a subsidiary of the Company. The transaction was completed in May 2021. The Group does not appoint any member to the board of directors and has no voting right over the target company. This investment is treated as a financial asset at fair value through profit or loss on the consolidated statement of financial position, as the Group neither obtains control nor exercises significant influence over the target company.
- (2) In June 2021, the Group purchased corporate notes issued by Nanshan Capital Holdings Limited with a principal amount of US\$45 million (equivalent to approximately HK\$352 million) at a consideration of US\$45 million (equivalent to approximately HK\$352 million).

3. USE OF JUDGEMENTS AND ESTIMATES

In preparing this interim condensed consolidated 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 2021.

4 REVENUE AND SEGMENT INFORMATION

a. Description of segments and principal activities

The Group has identified six (30 September 2020: five) 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.

* for identification purpose only

- (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 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 six months ended 30 September 2021 and 2020 are as follows:

For the six months ended 30 September 2021 (unaudited)	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
External revenue	84	4	34	10	34	–	166
Segment results before the following items:	29	2	24	7	151	–	213
— Depreciation and amortisation	(19)	–	–	–	–	–	(19)
— Allowance for expected credit loss on financial assets	(1)	–	(102)	(1)	–	–	(104)
— Finance costs	(1)	–	(1)	–	(11)	–	(13)
Segment results	8	2	(79)	6	140	–	77
Unallocated:							
— Other income							14
— Fair value losses							(148)
— Other gains, net							14
— Administrative expenses							(43)
— Allowance for expected credit loss on financial assets							(4)
— Share-based payment expenses							(4)
— Share of results of associates							23
— Share of results of joint ventures							15
— Finance costs							(51)
Loss before taxation							(107)

For the six months ended 30 September 2020 (unaudited)	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>
External revenue	<u>76</u>	<u>4</u>	<u>71</u>	<u>7</u>	<u>36</u>	<u>194</u>
Segment results before the following items:	25	3	64	5	33	130
— Depreciation and amortisation	(21)	—	—	—	—	(21)
— Allowance for expected credit loss on financial assets	6	—	(195)	(1)	—	(190)
— Finance costs	<u>(2)</u>	<u>—</u>	<u>(8)</u>	<u>—</u>	<u>(13)</u>	<u>(23)</u>
Segment results	<u>8</u>	<u>3</u>	<u>(139)</u>	<u>4</u>	<u>20</u>	(104)
Unallocated:						
— Other income						33
— Fair value loss						(162)
— Other gains						1
— Administrative expenses						(54)
— Allowance for expected credit loss on financial assets						(98)
— Share-based payment expenses						(39)
— Share of results of associates						43
— Share of results of joint ventures						(18)
— Finance costs						<u>(49)</u>
Loss before taxation						<u>(447)</u>

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 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 <i>(note)</i>	
	2021 <i>HK\$'million</i> (unaudited)	2020 <i>HK\$'million</i> (unaudited)	As of 30 September 2021 <i>HK\$'million</i> (unaudited)	As of 31 March 2021 <i>HK\$'million</i> (audited)
Geographical market:				
Hong Kong	132	151	419	383
UK	34	36	1,693	1,603
The People's Republic of China (the "PRC")	—	5	387	403
Macau	—	2	—	—
Cambodia	—	—	1,116	1,116
	<u>166</u>	<u>194</u>	<u>3,615</u>	<u>3,505</u>

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

d. Revenue summary

	Six months ended 30 September	
	2021 <i>HK\$'million</i> (unaudited)	2020 <i>HK\$'million</i> (unaudited)
Revenue from contracts with customers <i>(note i)</i> :		
— Commission income generated from asset management, securities brokerage, commodities, futures and other financial services	7	6
— Repair and maintenance and transportation service income	4	4
— Sales of construction machinery and spare parts	24	26
	<u>35</u>	<u>36</u>
Revenue from other sources:		
— Rental income generated from construction machinery	60	50
— Rental income generated from leasing of investment properties	34	36
— Interest income generated from money lending	34	71
— Interest income generated from margin financing	3	1
	<u>131</u>	<u>158</u>
	<u>166</u>	<u>194</u>

Note i:

Disaggregated revenue information

For the six months ended 30 September 2021 (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				
Sales of construction machinery and spare parts	24	–	–	24
Repair and maintenance and transportation service income	–	4	–	4
Commission income generated from asset management, securities brokerage, commodities, futures and other financial services	–	–	7	7
	<u>24</u>	<u>4</u>	<u>7</u>	<u>35</u>
Timing of revenue recognition				
At a point in time	24	–	7	31
Over time	–	4	–	4
	<u>–</u>	<u>4</u>	<u>–</u>	<u>4</u>
Total	<u>24</u>	<u>4</u>	<u>7</u>	<u>35</u>

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				
Sales of construction machinery and spare parts	26	–	–	26
Repair and maintenance and transportation service income	–	4	–	4
Commission income generated from asset management, securities brokerage, commodities, futures and other financial services	–	–	6	6
	<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>–</u>	<u>4</u>	<u>3</u>	<u>7</u>
Total	<u>26</u>	<u>4</u>	<u>6</u>	<u>36</u>

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

	Six months ended 30 September	
	2021	2020
	<i>HK\$'million</i>	<i>HK\$'million</i>
	(unaudited)	(unaudited)
Revenue	166	194
Gross proceeds from the sales of financial assets at FVTPL	26	74
	<u>26</u>	<u>74</u>
Total	<u>192</u>	<u>268</u>

5. OTHER INCOME/OTHER GAINS, NET

	Six months ended 30 September	
	2021	2020
	<i>HK\$'million</i>	<i>HK\$'million</i>
	(unaudited)	(unaudited)
Other income		
Interest earned on corporate note receivables	10	23
Interest earned on bank deposits	1	1
Government subsidies	1	3
Sundry income	4	8
	<u>16</u>	<u>35</u>
Other gains, net		
Gain on early redemption of convertible note	10	—
Net foreign exchange gain	3	1
	<u>13</u>	<u>1</u>
Total	<u>29</u>	<u>36</u>

6. FINANCE COSTS

	Six months ended 30 September	
	2021	2020
	<i>HK\$'million</i>	<i>HK\$'million</i>
	(unaudited)	(unaudited)
Interest expenses arising from:		
— bank and other borrowings	26	36
— corporate note payables	42	28
— convertible note payable	1	4
— lease liabilities	—	4
— Exchange difference on borrowings	(5)	—
	<u>64</u>	<u>72</u>

7. INCOME TAX EXPENSE

	Six months ended 30 September	
	2021	2020
	HK\$'million	HK\$'million
	(unaudited)	(unaudited)
Current tax		
Hong Kong	8	10
Overseas	4	–
	<u>12</u>	<u>10</u>
Deferred tax expense	<u>11</u>	<u>–</u>
Income tax expense	<u><u>23</u></u>	<u><u>10</u></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 2021 and 2020.

9. LOSS PER SHARE

(a) Basic

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

	Six months ended 30 September	
	2021	2020
	(unaudited)	(unaudited)
Loss for the period attributable to the equity holders of the Company (HK\$'million)	(83)	(434)
Weighted average number of ordinary shares in issue (million shares)	<u>7,026</u>	<u>6,198</u>
Basic loss per share (HK\$ cents)	<u><u>(1.18)</u></u>	<u><u>(7.00)</u></u>

(b) Diluted

Diluted loss per share was calculated as follows:

	Six months ended	
	30 September	
	2021	2020
	<i>million</i>	<i>million</i>
	(unaudited)	(unaudited)
Weighted average number of ordinary shares for the purpose of basic loss per share	7,026	6,198
Adjustment for:		
— Assumed exercise of call option	360	—
— Assumed conversion of convertible note	109	—
	<hr/>	<hr/>
Weighted average number of ordinary shares for the purpose of diluted loss per share	7,495	6,198
	<hr/>	<hr/>
	Six months ended	
	30 September	
	2021	2020
	<i>(unaudited)</i>	<i>(unaudited)</i>
Loss for the period attributable to the equity holders of the Company (<i>HK\$' million</i>)	(83)	(434)
Adjustments for:		
— Assumed exercise of call option (<i>HK\$' million</i>)	(30)	—
— Assumed conversion of convertible note (<i>HK\$' million</i>)	(9)	—
	<hr/>	<hr/>
Adjusted loss for the period attributable to equity holders of the Company used to determine the diluted loss per share	(122)	(434)
	<hr/>	<hr/>
Weighted average number of ordinary shares in issue (<i>million shares</i>)	7,495	6,198
	<hr/>	<hr/>
Diluted loss per share (<i>HK\$ cents</i>)	(1.63)	(7.00)
	<hr/>	<hr/>

10. TRADE RECEIVABLES

	As at 30 September 2021 <i>HK\$'million</i> (unaudited)	As at 31 March 2021 <i>HK\$'million</i> (audited)
Trade receivables from clients arising from		
— rental income from construction machinery business	47	46
— trading and provision of other service from construction machinery	4	—
— securities brokerage	90	78
— rental income from investment properties	32	23
— provision of other financial services	4	3
	<u>177</u>	<u>150</u>
Less: Allowance for expected credit loss	(13)	(15)
	<u>164</u>	<u>135</u>

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:

	As at 30 September 2021 <i>HK\$'million</i> (unaudited)	As at 31 March 2021 <i>HK\$'million</i> (audited)
0–30 days	119	91
31–60 days	2	13
61–90 days	7	3
91–180 days	9	7
181–365 days	4	5
Over 365 days	4	8
	<u>145</u>	<u>127</u>

11. SHARE CAPITAL

	Number of shares ('million)	Share capital HK\$'million
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 April 2020, 31 March 2021, 1 April 2021 and 30 September 2021	50,000	500
At 1 April 2021 (audited)	6,932	69
Issue of shares upon exercise of call option (<i>note a</i>)	455	5
At 30 September 2021 (unaudited)	7,387	74

Notes:

- (a) In August 2021, the Company issued approximately 455 million shares upon exercise of call options by Vandi Investments Limited. The exercise price was HK\$0.69 per share. The consideration was settled by transfer of a subsidiary's shares.

12. TRADE PAYABLES

	As at 30 September 2021 HK\$'million (unaudited)	As at 31 March 2021 HK\$'million (audited)
Trade payables arising from construction machinery business	5	4
	5	4

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 2021 HK\$'million (unaudited)	As at 31 March 2021 HK\$'million (audited)
0–30 days	2	1
31–60 days	1	2
61–180 days	2	1
	5	4

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Impact of COVID-19

During the period under review, the COVID-19 pandemic remained challenging due to the outbreak of the mutant variants. The Group remained resilient and focused on its existing businesses.

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 rental income generated from construction machinery during the Period. The occupancy rate for the rental machineries was approximately 80%.

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.

During the Period, the Group continued to pursue a long-term business strategy of diversifying into financial services business, property development business, property leasing business, and construction machinery business. The Group's principal activities include: (i) money lending; (ii) securities investment; (iii) provision of commodities, futures, securities brokerage and other financial services; (iv) asset management; (v) rental and trading of construction machinery; (vi) provision of repair and maintenance and transportation service; (vii) property development; and (viii) property leasing in the UK.

Property development business

The Group has property development projects in Cambodia and Malaysia. In Cambodia, the Council of Ministers approved the project company to establish a special economic zone with a size of 17,252,519 square meters at Koh Kong Province, Cambodia. The project company 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 project was still in its preliminary stage during the Period.

The Group has another property development project in Malaysia. The project is 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 was still in its preliminary stage during the Period.

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 2021, the outstanding loan receivables of the money lending business of the Group (net of allowance for expected credit losses) was approximately HK\$232 million (31 March 2021: approximately HK\$605 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\$116 million was recorded during the Period.

Leasing business

During the Period, the rental income derived from 55 Mark Lane contributed revenue of approximately HK\$34 million (2020: approximately HK\$36 million) and the fair value gain on investment property was approximately HK\$129 million (2020: Nil).

Construction machinery business

During the Period, the sales of construction machinery and spare parts and rental income generated from construction machinery were approximately HK\$24 million (2020: HK\$26 million) and approximately HK\$60 million (2020: HK\$50 million) respectively. The increase in revenue was mainly attributable to the increase in the revenue from rental of construction machinery, due to the increased utilisation rate of crawler cranes.

Commodities, futures and securities brokerage business

During the Period, the revenue from the provision of asset management, securities brokerage, commodities, futures and other financial service was approximately HK\$10 million (2020: approximately HK\$7 million). The increase was mainly attributable to the increase in the asset management service provided.

FINANCIAL REVIEW

The Group had incurred a loss of approximately HK\$130 million for the Period (2020: approximately HK\$457 million). Such loss was mainly attributable to: (i) the recognition of allowance on expected credit losses on financial assets of approximately HK\$108 million (2020: approximately HK\$288 million) as a result of default; and (ii) the net fair value losses in financial assets and liabilities through profit or loss of approximately HK\$148 million (2020: approximately HK\$162 million).

Revenue

During the Period, revenue was approximately HK\$166 million (2020: approximately HK\$194 million), representing a decrease of approximately 14%. The decrease was mainly attributable to decrease in revenue from money lending 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 Period are set out as follows:

		Number of shares held at 31 March 2021	Percentage of shareholdings at 31 March 2021	Number of shares held at 30 September 2021	Percentage of shareholdings 30 September 2021 (note 1)	Fair value at 31 March 2021 HK\$'million	Fair value at 30 September 2021 HK\$'million	Fair value (losses)/gains for the Period HK\$'million	Percentage of total assets of the Group at 30 September 2021
<i>Notes</i>									
Classified as financial assets at fair value through profit or loss									
Name/(Stock Code)									
China Shandong Hi-Speed Financial Group Limited (412)		12,000	0.00%	19,512,000	0.08%	–	10	–	0.15%
Carnival Group International Holdings Limited (996)		90,610,000	9.56%	3,624,400	9.56%	8	–	(8)	0.00%
Imperial Pacific International Holdings Limited (1076)	2	4,062,000,000	2.84%	203,100,000	2.84%	41	8	(33)	0.12%
Far East Holdings International Limited (36)		4,983,000	0.46%	4,983,000	0.46%	1	1	–	0.01%
Beijing Properties (Holdings) Limited (925)		8,140,000	0.12%	8,140,000	0.12%	1	1	–	0.01%
Wealthking Investments Limited (1140)	3	–	–	27,900,000	0.8%	–	22	–	0.33%
IBO Technology Company Limited (2708)		–	–	2,900,000	0.53%	–	9	(1)	0.13%
Bank of Qingdao Co., Ltd (3866)	4	–	–	16,106,000	0.59%	–	68	(5)	1.01%
International Alliance Financial Leasing Co., Ltd (1563)	5	–	–	27,644,336	1.84%	–	71	(4)	1.05%
Tencent Holdings Limited (700)		–	–	–	–	–	–	1	–
CEFC Hong Kong Financial Investment Company Limited (1520)	6	–	–	283,994,000	16.8%	–	48	2	0.71%
Haitong International Securities Group Limited (665)		2,962,000	0.05%	–	–	7	–	(1)	–
Riverwood Multi-Growth Fund	7	N/A	N/A	N/A	N/A	456	399	(57)	5.91%
Atlantis China Fund	8	N/A	N/A	N/A	N/A	36	31	(5)	0.46%
Riverwood Umbrella Fund		N/A	N/A	N/A	N/A	19	18	(1)	0.27%
Unlisted debt instrument		N/A	N/A	N/A	N/A	15	12	(4)	0.18%
Tisé Equity SP-1	9	N/A	N/A	N/A	N/A	–	286	–	4.24%
Convertible note receivable		N/A	N/A	N/A	N/A	4	–	–	–
						588	984	(116)	14.58%

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 2021 of the issuers publicly available on the website of the Stock Exchange.

2. Imperial Pacific International Holdings Limited 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 2021, Imperial Group recorded total comprehensive loss of approximately HK\$360 million. As at 30 June 2021, Imperial Group recorded net current liabilities and net liabilities of approximately HK\$10,162 million and HK\$3,092 million respectively.

3. Wealthking Investments Limited and its subsidiaries (collectively called “**Wealthking Group**”) were principally engaged in investment holding.

Pursuant to Wealthking Group’s annual report for the year ended 31 March 2021, Wealthking Group recorded revenue of approximately HK\$624 million and total comprehensive income of approximately HK\$410 million. As at 31 March 2021, Wealthking Group recorded net current assets and net assets of approximately HK\$2,162 million and HK\$4,527 million respectively.

4. Bank of Qingdao Co., Ltd and its subsidiaries (collectively called “**Qingdao Group**”) were principally engaged in provision of banking services, including corporate banking, retail banking and financial market business and others.

Pursuant to Qingdao Group’s interim report for the six months ended 30 June 2021, Qingdao Group recorded interest income of approximately HK\$8,882 million and total comprehensive income of approximately HK\$2,195 million. As at 30 June 2021, Qingdao Group recorded net assets of approximately HK\$32,290 million.

5. International Alliance Financial Leasing Co., Ltd and its subsidiaries (collectively called “**International Alliance Group**”) were principally engaged in financial leasing business.

Pursuant to International Alliance Group’s interim report for the six months ended 30 June 2021, International Alliance Group recorded revenue of approximately RMB122 million and total comprehensive income of approximately RMB46 million. As at 30 June 2021, International Alliance Group recorded net current assets and net assets of approximately RMB700 million and RMB1,242 million respectively.

6. CEFC Hong Kong Financial Investment Company Limited and its subsidiaries (collectively called “**CEFC Group**”) were principally engaged in design, manufacturing and trading of apparels and provision of money lending services.

Pursuant to CEFC Group’s interim report for the six months ended 30 June 2021, CEFC Group recorded revenue of approximately HK\$32 million and total comprehensive loss of approximately HK\$20 million. As at 30 June 2021, CEFC Group recorded net current assets and net assets of approximately HK\$167 million and HK\$218 million respectively.

7. 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.

8. 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.

9. Tisé Equity SP-1 is principally to invest in the shares of New Gain Group Limited, a subsidiary of China Evergrande Group that provides an online platform for apartment and automobile sales/rentals with its main operations in the PRC. Tisé Equity SP-1 may hold other assets, including and not limited to cash or cash equivalent instruments.

Allowance for expected credit losses on financial assets

During the Period, the Group recognised allowance for expected credit losses on financial assets of approximately HK\$108 million (2020: approximately HK\$288 million). The amount was mainly attributable to loan receivables during the Period; while the amount recognised in prior period mainly included corporate note receivables and loan receivables.

Administrative expenses

During the Period, administrative expenses were approximately HK\$72 million (2020: approximately HK\$70 million), representing an increase of approximately 3%. Among the administrative expenses incurred during the Period, approximately HK\$8 million (2020: approximately HK\$8 million) was related to depreciation and non-cash in nature; while the remaining expenses of approximately HK\$64 million (2020: HK\$62 million) were mainly related to staff costs of approximately HK\$33 million (2020: HK\$32 million). The increase in cash nature administrative expenses was mainly arising from the construction machinery business.

Share-based payment expenses

During the Period, share-based payment expenses of approximately HK\$4 million were recognised which were related to the share awards to a director and employees of the Group. In prior period, the amount recognised of approximately HK\$39 million represented share options in relation to the formation of a joint venture between the Group and a third party to undertake life science business.

Finance costs

During the Period, the finance costs were approximately HK\$64 million (2020: approximately HK\$72 million), representing a decrease of approximately 11%.

Taxation

During the Period, the net income tax expense was approximately HK\$23 million (2020: approximately HK\$10 million). The increase in the amount was mainly attributable to the deferred tax of approximately HK\$26 million in relation to the investment properties in the UK.

Share of results of associates

During the Period, the share of results of associates was related to the operating results of associates which own intellectual properties in the PRC.

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

		Percentage of shareholdings at 31 March 2021	Percentage of shareholdings at 30 September 2021	Fair value at 31 March 2021 HK\$'million	Fair value at 30 September 2021 HK\$'million	Fair value loss for the Period HK\$'million	Percentage of total assets of the Group at 30 September 2021
Notes							
Classified as financial assets at fair value through other comprehensive income							
Name							
Goodwill International (Holdings) Limited	a	7.54%	7.54%	8	8	–	0.12%
Co-lead Holdings Limited	b	1.44%	1.13%	32	24	(8)	0.36%
Quan Yu Tai Investment Company Limited	c	15%	15%	306	232	(74)	3.44%
Oshidori International Holdings Limited	d	3.07%	1.27%	120	40	(14)	0.59%
				<u>466</u>	<u>304</u>	<u>(96)</u>	<u>4.51%</u>

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 interim report for the six months ended 30 June 2021, Oshidori recorded revenue of approximately HK\$152 million and total comprehensive income of approximately HK\$1,011 million.

The Group held 77,500,000 shares of Oshidori as at 30 September 2021 (31 March 2021: 187,500,000).

Liquidity, Capital Structure and Financial Resources

As at 30 September 2021, the Group's current assets and current liabilities were approximately HK\$2,693 million (31 March 2021: approximately HK\$2,026 million) and HK\$954 million (31 March 2021: approximately HK\$1,096 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 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 2021 and 31 March 2021 was as follows:

	30 September 2021 HK\$'million	31 March 2021 HK\$'million
Bank and other borrowings	1,943	1,426
Corporate note payables		
— at amortised cost	603	652
— at FVTPL	686	628
Convertible note payable	—	24
	<hr/>	<hr/>
Total borrowings	3,232	2,730
Less: cash and cash equivalents	(365)	(198)
pledged bank deposits	(5)	(5)
	<hr/>	<hr/>
Net debts	2,862	2,527
Total equity	3,173	3,014
	<hr/>	<hr/>
Total capital	6,035	5,541
	<hr/>	<hr/>
Gearing ratio	47%	46%
	<hr/>	<hr/>

As at 30 September 2021, the maturity and currency profile for the Group's bank and other borrowings and corporate note payables at amortised cost are set out as follows:

	Within 1 year <i>HK\$'million</i>	2 years <i>HK\$'million</i>	3–5 years <i>HK\$'million</i>	Total <i>HK\$'million</i>
GBP	–	3	1,050	1,053
US\$	365	368	–	733
HK\$	373	379	8	760
	<hr/>	<hr/>	<hr/>	<hr/>
Carrying amount	738	750	1,058	2,546
	<hr/>	<hr/>	<hr/>	<hr/>

As at 30 September 2021, approximately 97% the Group's borrowings are secured by (1) leasehold land and building; (2) corporate note receivables; (3) bank deposits; and (4) machinery and motor vehicles.

Except for the borrowings with aggregate amounts of approximately HK\$1,891 million which were carried at fixed interest rates, the remaining borrowings of the Group bore floating interest rates.

As at 30 September 2021, cash and cash equivalents were denominated in the following currencies:

	<i>HK\$'million</i>
Renminbi (“ RMB ”)	36
HK\$	244
Pounds Sterling (“ GBP ”)	65
United States Dollars (“ US\$ ”)	14
Others	6
	<hr/>
	365
	<hr/>

Contingent Liabilities

As at 30 September 2021 and 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 30 September 2021, the Group had a total of approximately 167 employees (31 March 2021: 175 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.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2021 (six months ended 30 September 2020: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS

During the Period, the Group had not made any material acquisitions and disposal of subsidiaries and associated companies except for those disclosed in this announcement.

EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant event which has taken place after the end of the period and up to the date of this announcement.

BUSINESS PROSPECTS

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.

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.

CORPORATE GOVERNANCE CODE PRACTICES

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 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.
- (ii) The nomination committee is chaired by an executive Director and comprises 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.

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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 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 17 September 2021, 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 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.

APPRECIATION

The Board would like to take this opportunity to express its gratitude to all Shareholders, customers, suppliers, business partners, banks, professional parties and employees of the Group for their continuous support.

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 the Company respectively in due course.

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

Hong Kong, 26 November 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; and three independent non-executive directors, namely Mr. Chan Ming Sun Jonathan, Mr. Lam Kwan Sing and Mr. Mak Yiu Tong.