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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)

HAO TIAN INTERNATIONAL
CONSTRUCTION INVESTMENT GROUP LIMITED
昊天國際建設投資集團有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 1341)

JOINT ANNOUNCEMENT

MAJOR TRANSACTION

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IN A SUBSIDIARY BY ALS**

**INTRODUCTION OF STRATEGIC
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CONTROLLING SHAREHOLDER**

Financial Adviser to Aceso Life Science Group Limited



This joint announcement is made by ALS and HTICI under, inter alia, Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions of Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

THE AGREEMENT

The ALS Board is pleased to announce that on 27 July 2023 (after trading hours), the Vendor and the Purchaser entered into the Agreement, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to acquire, the Sale Shares (representing approximately 18.37% of the entire issued share capital of HTICI) at the Total Consideration of HK\$420,026,400, representing HK\$0.3 per Sale Share, in accordance with the terms and conditions of the Agreement.

LISTING RULES IMPLICATIONS FOR ALS

As one or more of the percentage ratios (as defined in the Listing Rules) applicable to the Disposal exceeds 25% and all percentage ratios are less than 75% for ALS, the Disposal constitutes a major transaction of ALS under Chapter 14 of the Listing Rules and will be subject to the reporting, announcement and ALS Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the ALS Board, after having made all reasonable enquiries, no ALS Shareholders or any of their respective associates have any material interest in the Disposal. As such, no ALS Shareholders would be required to abstain from voting on the resolution approving the Disposal. As at the date of this announcement, the Relevant ALS Shareholders, being a closely allied group of ALS Shareholders, control an aggregate of 4,246,101,115 ALS Shares, which represents approximately 57.52% of the issued share capital of ALS and voting rights in the general meeting of ALS and written shareholders' approval for the Disposal has been obtained from the Relevant ALS Shareholders. Accordingly, pursuant to Rule 14.44 of the Listing Rules, such written shareholders' approval may be accepted in lieu of holding a general meeting of ALS to approve the Disposal upon satisfaction of the conditions set out under Rule 14.44 of the Listing Rules.

A circular containing, among other information, further details of the Disposal and other information as required under the Listing Rules will be despatched to the ALS Shareholders on or before 17 August 2023.

ALS Shareholders and potential investors of ALS should be aware that the Disposal is subject to conditions precedent to be satisfied and the Disposal may or may not proceed. ALS Shareholders and potential investors are advised to exercise caution when dealing in the securities of ALS.

This joint announcement is made by ALS and HTICI under, inter alia, Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions of Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

THE AGREEMENT

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Details of the Agreement are set out below:

Date

27 July 2023 (after trading hours)

Parties

- (1) the Vendor; and
- (2) the Purchaser.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Purchaser and its holding Company, Yitai Coal, are Independent Third Parties.

Subject matter

The Vendor agreed to sell, and the Purchaser agreed to acquire, the Sale Shares (representing approximately 18.37% of the entire issued share capital of HTICI) in accordance with the terms and conditions of the Agreement.

Consideration

The Total Consideration for the Disposal shall be HK\$420,026,400, representing HK\$0.3 per Sale Share, which shall be payable by the Purchaser upon Completion.

Basis of the Consideration

The Total Consideration was determined after arm's length negotiations between the Vendor and the Purchaser having considered and with reference to (i) the net assets of HTICI of approximately HK\$0.246 per share of HTICI as at 31 March 2023 based on the audited annual results of HTICI for the year ended 31 March 2023 ("FY2023"); (ii) the historical financial performance of HTICI for FY2023; (iii) the trading multiples of comparable companies in the industry of HTICI listed on the Stock Exchange; (iv) the recent trading prices of the shares of HTICI on the Stock Exchange prior to the entering into of the Agreement; (v) the financial position of the ALS Group as at 31 March 2023; and (vi) the future prospect of HTICI. Having considered the above, the Directors consider that the Total Consideration is fair and reasonable and is in the interest of ALS and the ALS Shareholders as a whole.

Conditions Precedent

Completion of the Agreement is subject to the following conditions precedent:

- (1) ALS having complied with all requirements under the Listing Rules and obtained all requisite approvals and consents from the Stock Exchange and/or the other authorities in respect of the Disposal, the Agreement and the transactions contemplated thereunder;
- (2) the Purchaser having obtained all requisite approvals from the relevant governmental authorities in respect of the remittance of foreign exchange for the payment of the Total Consideration;
- (3) the warranties as set out in the Agreement are true and accurate in all material respects; and
- (4) there is no laws or government order prohibiting the Agreement and/or the performance of the same.

If any of the conditions is not satisfied or (if applicable) waived within 6 months from the date of the Agreement (or such other date as may be agreed between the Vendor and the Purchaser), either party may terminate the Agreement and no party shall have any claim against the other party, except in respect of any antecedent breach.

Completion

Subject to the satisfaction of the condition precedent, Completion shall take place on the 3rd Business Day after the date on which all conditions precedent are fulfilled (or such other date as the Vendor and the Purchaser may agree).

INFORMATION ON THE PARTIES AND HTICI

Information on ALS, the ALS Group and the Vendor

ALS is an exempted company incorporated in the Cayman Islands with limited liability. ALS is an investment holding company and the ALS Group is principally engaged in (i) securities investment; (ii) provision of securities brokerage and other financial services; (iii) asset management; (iv) rental and trading of construction machinery; (v) provision of repair and maintenance and transportation service; (vi) property development; (vii) property leasing; and (viii) money lending.

The Vendor is a wholly-owned subsidiary of ALS and is principally engaged in investment holding.

Information on the Purchaser

The Purchaser is a wholly-owned subsidiary of Yitai Coal, a joint stock company incorporated in the PRC with limited liability, whose H shares are listed on the Main Board of the Stock Exchange (stock code: 3948) and whose B shares are listed on the Shanghai Stock Exchange (stock code: 900948). According to All-China Federation of Industry and Commerce (中華全國工商業聯合會), Yitai Coal was ranked 188 in the Top 500 Chinese Private Enterprise (中國民企500強) in 2022. Yitai Coal was also ranked 16 in the Top 50 Chinese Coal Enterprise (中國煤炭企業50強) in 2022 according to The China National Coal Association (中國煤炭業協會). Yitai Coal is the largest local coal enterprise in the Inner Mongolia Autonomous Region and one of the large-scale coal enterprises in the PRC. The principal businesses of Yitai Coal include coal production and operation, rail transportation operations, coal-related chemical operations and other operations. The Purchaser is principally engaged in investment holding.

Information on HTICI

HTICI is an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1341). HTICI is an investment holding company and the group of companies held by HTICI is principally engaged in (a) rental and trading of construction machinery; (b) property development business; and (c) provision of financial services and related financial advisory services through subsidiaries licensed to conduct (i) Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance; and (ii) money lending activities.

Financial Information of HTICI

Set out below is a summary of the audited financial information of the HTICI Group for the two years ended 31 March 2023 and 2022 which were prepared in accordance with the Hong Kong Financial Reporting Standards:

	For the year ended 31 March	
	2023	2022
	<i>HK\$'million</i>	<i>HK\$'million</i>
	(Audited)	(Audited)
Revenue	246	220
Profit/(Loss) before tax	114	(406)
Profit/(Loss) after tax	108	(412)

The audited consolidated net assets of HTICI as at 31 March 2023 were approximately HK\$1,864 million.

Shareholding Structure of HTICI

Assuming there is no other change in the share capital of HTICI, the shareholding structure of HTICI as at the date of this announcement and upon completion of the Agreement is as follows:

	As at the date of this announcement		Immediately after Completion	
	No. of shares in HTICI	Approximate %	No. of shares in HTICI	Approximate %
ALS (Note 1)	3,611,701,259	47.40	2,211,613,259	29.03
Li Shao Yu (Note 2)	14,104,000	0.19	14,104,000	0.19
Lin Yuan (Note 3)	891,264,000	11.70	891,264,000	11.70
Fok Chi Tak (Note 4)	60,975,610	0.80	60,975,610	0.80
Xu Lin (Note 5)	2,764,228	0.04	2,764,228	0.04
Purchaser	–	–	1,400,088,000	18.37
Other public shareholders	3,038,961,624	39.87	3,038,961,624	39.87
Total	<u>7,619,770,721</u>	<u>100.00</u>	<u>7,619,770,721</u>	<u>100.00</u>

Notes:

- Among 3,611,701,259 shares in HTICI, (i) 2,000,000,000 shares were held through the Vendor, (ii) 1,540,272,688 shares were held through Hao Tian Management (Hong Kong) Limited and (iii) 71,428,571 shares were held through Hao Tian Finance Company Limited.
- The 14,104,000 shares in HTICI were held by Ms. Li Shao Yu as beneficial owner. Ms. Li Shao Yu is the controlling shareholder of ALS and is therefore also deemed to be interested in those shares in HTICI held by ALS.
- Pursuant to the disclosure form dated 11 January 2023 (being the latest disclosure form filed up to the date of this announcement) as published on the website of the Stock Exchange, Ms. Lin Yuan was beneficially interested in the total of 891,264,000 shares in HTICI, among which, 391,264,000 shares are held by Ms. Lin as beneficial owner, and 500,000,000 shares are held by Soaring Wealth Ventures Limited, a company wholly-owned by Ms. Lin.
- Mr. Fok Chi Tak, being an executive Director and an executive director and the chief executive officer of HTICI, is interested in 60,975,610 shares of HTICI as at the date of this announcement.
- Mr. Xu Lin, being a non-executive director of HTICI, is interested in 2,764,228 shares of HTICI as at the date of this announcement.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS

The Directors consider that the Disposal represents a good opportunity for the ALS Group to realise its investment in HTICI while retaining interests in HTICI to participate in the future development of HTICI. Through the Disposal, on one hand, the ALS Group will be able to strengthen its cashflow, enhance its working capital position and allow for reallocation of its financial resources for the future development of the ALS Group.

On the other hand, the Directors consider that the Disposal represents an opportunity to broaden the shareholder base of HTICI, considering the strong investor profile of Yitai Coal which will in turn boost the investor confidence in the market and may bring in additional resources and investment opportunities to HTICI. It is anticipated that, although Yitai Coal, through its investment through the Purchaser, will not involve in the day-to-day operation and management of HTICI, HTICI could benefit from the extensive business networks of Yitai Coal in the PRC and its profound relationship with banks, financial institutions and/or investment funds in the PRC which could pave the way for HTICI's future access to financial resources required for business expansions and investments of HTICI.

ALS expected to receive gross proceeds of approximately HK\$420 million and net proceeds of approximately HK\$419 million from the Disposal after deducting all costs, expenses and stamp duties. Such proceeds will allow the ALS Group to settle part of its existing liabilities and enable the ALS Group to be well positioned and equipped to identify and capture other investment opportunities. ALS intends to use 80% of the net proceeds for the settlement of part of its existing liabilities and 20% for the working capital of the ALS Group.

As at 31 March 2023, the total current liabilities of ALS amounted to HK\$2,855 million and more than 59% of which comprise bank borrowings and loans from other financial institutions. The average interest rate of the said borrowings ranged between 4.92% and 6.03%. Therefore, the ALS Board considered that the settlement of part of the liabilities will improve the gearing ratio of ALS Group and enable ALS Group to reduce its interest expenses, thereby improving its financial performance.

Taking into consideration the reasons for and benefits of the Disposal to the ALS Group, the Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement and the transactions contemplated thereunder, including the Total Consideration, which have been reached after arm's length negotiations among the parties, are fair and reasonable and are in the interests of ALS and the ALS Shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSAL OF ALS

Upon Completion, ALS will be interested in 2,211,613,259 shares of HTICI, representing approximately 29.03% of the total issued share capital of HTICI. As at the date of this announcement, Ms. Li Shao Yu (“**Ms. Li**”), who is the controlling shareholder of ALS, held 14,104,000 shares in HTICI, representing approximately 0.19% of the total issued share capital of HTICI and Mr. Fok Chi Tak (“**Mr. Fok**”), who is the executive director of ALS, held 60,975,610 shares in HTICI, representing approximately 0.80% of the total issued share capital in HTICI. Therefore, the shareholding interests in HTICI held by Ms. Li and Mr. Fok, who are both associates of ALS, together with the shareholding interests in HTICI held by ALS upon Completion, will be approximately 30.01%. Having considered (i) the voting rights that will be exercisable by ALS and its associates upon Completion relative to the size and dispersion of the holdings of voting rights by other vote holders; (ii) there is no history of other shareholders forming a group to exercise their votes collectively; and (iii) the ability of ALS to demonstrate effective control during the board meetings of HTICI with the involvement of directors and chief executive officer of HTICI nominated by the ALS Group, the ALS Board considers that ALS still has sufficient power to direct relevant activities of HTICI. Accordingly, HTICI will remain as an indirect non-wholly owned subsidiary of ALS and its financial results, assets, liabilities and cash flows will continue to be consolidated into the ALS’s consolidated financial statements. As such, the Disposal will be accounted for as an equity transaction and will not result in the recognition of any gain or loss in ALS Group’s consolidated statement of profit or loss and other comprehensive income.

LISTING RULES IMPLICATIONS FOR ALS

As one or more of the percentage ratios (as defined in the Listing Rules) applicable to the Disposal exceeds 25% and all percentage ratios are less than 75% for ALS, the Disposal constitutes a major transaction of ALS under Chapter 14 of the Listing Rules and will be subject to the reporting, announcement and ALS Shareholders’ approval requirements under Chapter 14 of the Listing Rules.

The executive Directors, Mr. Fok and Dr. Zhiliang Ou, J.P. (Australia), and the independent non-executive Directors, Mr. Mak Yiu Tong and Mr. Chan Ming Sun Jonathan, are also directors of HTICI and the aforesaid Directors have abstained from voting on the relevant resolution(s) of the ALS Board approving the Agreement and the transactions contemplated thereunder.

To the best of the knowledge, information and belief of the ALS Board, after having made all reasonable enquiries, no ALS Shareholders or any of their respective associates have any material interest in the Disposal. As such, no ALS Shareholders would be required to abstain from voting on the resolution approving the Disposal. As at the date of this announcement, the Relevant ALS Shareholders, being a closely allied group of ALS Shareholders, control an aggregate of 4,246,101,115 ALS Shares, which represents approximately 57.52% of the issued share capital of ALS and voting rights in the general meeting of ALS and written shareholders' approval for the Disposal has been obtained from the Relevant ALS Shareholders. Accordingly, pursuant to Rule 14.44 of the Listing Rules, such written shareholders' approval may be accepted in lieu of holding a general meeting of ALS to approve the Disposal upon satisfaction of the conditions set out under Rule 14.44 of the Listing Rules.

The Relevant ALS Shareholders are as follows:

Name	Number of ALS Shares held	Approximate percentage shareholding (Note 1)
Ms. Li Shao Yu	611,284,342	8.28%
Asia Link Capital Investment Holdings Limited (Note 2)	3,357,578,773	45.48%
Team Success Venture Holdings Limited (Note 2)	230,900,000	3.13%
TRXY Development (HK) Limited (Note 2)	46,338,000	0.63%
Total	<u>4,246,101,115</u>	<u>57.52%</u>

Notes:

1. The percentage was calculated based on 7,381,776,805 issued ALS Shares as at the date of this announcement.
2. Asia Link Capital Investment Holdings Limited, Team Success Venture Holdings Limited and TRXY Development (HK) Limited are beneficially owned by Ms. Li Shao Yu.

A circular containing, among other information, further details of the Disposal and other information as required under the Listing Rules will be despatched to the ALS Shareholders on or before 17 August 2023.

ALS Shareholders and potential investors of ALS should be aware that the Disposal is subject to conditions precedent to be satisfied and the Disposal may or may not proceed. ALS Shareholders and potential investors are advised to exercise caution when dealing in the securities of ALS.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings.

“Agreement”	the sale and purchase agreement dated 27 July 2023 entered into between the Vendor and the Purchaser in respect of the Disposal;
“ALS”	Aceso Life Science Group Limited (信銘生命科技集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 474), which is an indirect controlling shareholder of HTICI;
“ALS Board”	the board of directors of ALS;
“ALS Group”	ALS and its subsidiaries;
“ALS Shareholder(s)”	the holder(s) of the ALS Shares;
“ALS Share(s)”	shares(s) of ALS of par value of HK\$0.01 each;
“Business Day(s)”	a day, other than a Saturday or Sunday or public holiday in Hong Kong, on which the commercial banks are open for general business;
“Completion”	the completion of the Disposal in accordance with the terms and conditions of the Agreement;
“Director(s)”	the director(s) of ALS;
“Disposal”	the disposal of the Sale Shares by the Vendor to the Purchaser pursuant to the terms and conditions of the Agreement;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;

“HTICI”	Hao Tian International Construction Investment Group Limited (昊天國際建設投資集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1341);
“HTICI Board”	the board of directors of HTICI;
“HTICI Group”	HTICI and its subsidiaries;
“Independent Third Party”	third parties independent of the ALS Group and its connected persons;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, which for the purpose of this announcement only excludes Hong Kong, Macau and Taiwan;
“Purchaser”	Yitai Share (Hongkong) Co., Limited (伊泰(股份)香港有限公司), a company incorporated in Hong Kong with limited liability;
“Relevant ALS Shareholders”	Asia Link Capital Investment Holdings Limited, Team Success Venture Holdings Limited, TRXY Development (HK) Limited and Ms. Li Shao Yu;
“Sale Shares”	1,400,088,000 shares in the share capital of HTICI, representing approximately 18.37% of the entire issued share capital of HTICI as at the date of this announcement;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Total Consideration”	HK\$420,026,400, representing HK\$0.3 per Sale Share, being the consideration in respect of the Sale Shares payable by the Purchaser to the Vendor under the Agreement;
“Vendor”	Hao Tian Management (China) Limited (昊天管理(中國)有限公司), a company incorporated in Hong Kong with limited liability, and a wholly-owned subsidiary of ALS; and

“Yitai Coal”

內蒙古伊泰煤炭股份有限公司 (Inner Mongolia Yitai Coal Co., Ltd.)*, a joint stock company incorporated in the PRC with limited liability, whose H shares are listed on the Main Board of the Stock Exchange (stock code: 3948) and whose B shares are listed on the Shanghai Stock Exchange (stock code: 900948);

“%”

per cent.

In this announcement, unless the context otherwise requires, the terms “connected person(s)”, “percentage ratio(s)” and “subsidiary(ies)” shall have the meanings given to such terms in the Listing Rules, as modified by the Stock Exchange from time to time.

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

By Order of the HTICI Board
**Hao Tian International Construction
Investment Group Limited**
Fok Chi Tak
Executive Director

Hong Kong, 27 July 2023

As at the date of this announcement, the ALS Board comprises three executive Directors, namely Mr. Xu Hai Ying, Dr. Zhiliang Ou, JP (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.

As at the date of this announcement, the HTICI Board comprises three executive Directors, namely Mr. Fok Chi Tak, Mr. Tang Yiu Chi James and Dr. Zhiliang Ou, J.P. (Australia); one non-executive Director, namely Mr. Xu Lin; and four independent non-executive Directors, namely Mr. Mak Yiu Tong, Mr. Li Chi Keung Eliot, Mr. Shek Lai Him Abraham and Mr. Chan Ming Sun Jonathan.

* *For identification purposes only*