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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 2023

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 2023 (the “**Period**”).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2023

	<i>Notes</i>	Six months ended	
		30 September	
		2023	2022
		HK\$'million	HK\$'million
		(unaudited)	(unaudited)
Revenue	4	113	161
Cost of revenue		(56)	(86)
Gross profit		57	75
Other income	5	24	26
Fair value (losses)/gains, net:		(205)	1
– investment properties		(55)	(9)
– financial assets at fair value through profit or loss (“FVTPL”)		(176)	(68)
– financial liabilities at FVTPL		26	78
Other (losses)/gains, net	5	(3)	60
Administrative expenses		(60)	(62)
Allowance for expected credit loss on financial assets		(1)	(48)
Share-based payment expenses		(1)	(2)
Share of results of associates		–	(7)
Share of results of joint ventures		–	(5)
Finance costs	6	(72)	(43)
Loss before taxation		(261)	(5)
Income tax credit	7	11	1
Loss for the period		(250)	(4)

		Six months ended	
		30 September	
		2023	2022
<i>Notes</i>		<i>HK\$'million</i>	<i>HK\$'million</i>
		(unaudited)	(unaudited)
Loss for the period attributable to:			
	Equity holders of the Company	(207)	(51)
	Non-controlling interests	(43)	47
		<u>(250)</u>	<u>47</u>
		<u>(250)</u>	<u>(4)</u>
Loss per share attributable to the equity			
holders of the Company			
	Basic (<i>HK cents</i>)	9 (2.85)	(0.7)
	Diluted (<i>HK cents</i>)	9 (2.85)	(0.71)
		<u>(2.85)</u>	<u>(0.71)</u>
		<u>(2.85)</u>	<u>(0.71)</u>
	Loss for the period	<u>(250)</u>	<u>(4)</u>
Other comprehensive loss:			
<i>Items that will not be reclassified to profit</i>			
<i>or loss</i>			
	Fair value loss on investments in		
	equity instruments at fair value		
	through other comprehensive income		
	("FVTOCI")	(56)	(125)
<i>Items that may be reclassified to profit or</i>			
<i>loss</i>			
	Currencies translation differences	(37)	(160)
		<u>(37)</u>	<u>(160)</u>
	Other comprehensive loss for the period,		
	net of tax	(93)	(285)
		<u>(93)</u>	<u>(285)</u>
	Total comprehensive loss for the period	<u>(343)</u>	<u>(289)</u>
Total comprehensive loss for the period			
attributable to:			
	Equity holders of the Company	(320)	(312)
	Non-controlling interests	(23)	23
		<u>(343)</u>	<u>23</u>
		<u>(343)</u>	<u>(289)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2023

	As at 30 September 2023	As at 31 March 2023
<i>Notes</i>	<i>HK\$'million</i> (unaudited)	<i>HK\$'million</i> (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	253	254
Right-of-use assets	20	27
Investment properties	1,442	1,518
Intangible assets	171	171
Investments in associates	1,124	1,130
Investments in joint ventures	–	2
Financial assets at FVTOCI	745	801
Corporate note receivable	42	42
Deferred tax assets	58	54
Other receivables and deposits	–	5
	<hr/>	<hr/>
Total non-current assets	3,855	4,004
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		As at 30 September 2023 <i>HK\$'million</i> (unaudited)	As at 31 March 2023 <i>HK\$'million</i> (audited)
Current assets			
Inventories		2	2
Properties under development		330	352
Trade receivables	10	136	115
Other receivables, deposits and prepayments		44	30
Financial assets at FVTPL		211	415
Loan receivables		130	145
Finance lease receivables		2	2
Corporate note receivables		445	465
Trusted and segregated bank accounts		5	554
Pledged bank deposit		11	30
Cash and cash equivalents		130	187
		<hr/>	<hr/>
Total current assets		1,446	2,297
		<hr/> <hr/>	<hr/> <hr/>
Total assets		5,301	6,301
		<hr/> <hr/>	<hr/> <hr/>

		As at 30 September 2023 <i>HK\$'million</i> (unaudited)	As at 31 March 2023 <i>HK\$'million</i> (audited)
LIABILITIES			
Current liabilities			
Lease liabilities		14	14
Bank and other borrowings		1,679	1,702
Corporate note payables		435	435
Trade payables	<i>11</i>	8	13
Other payables, deposits received and accruals		122	666
Income tax payables		28	25
Total current liabilities		<u>2,286</u>	<u>2,855</u>
Net current liabilities		<u>(840)</u>	<u>(558)</u>
Total asset less current liabilities		<u>3,015</u>	<u>3,446</u>

		As at 30 September 2023 <i>HK\$'million</i> (unaudited)	As at 31 March 2023 <i>HK\$'million</i> (audited)
Non-current liabilities			
Lease liabilities		8	15
Deferred tax liabilities		89	100
Bank and other borrowings		33	41
Corporate note payables		100	137
Financial liabilities at FVTPL		<u>552</u>	<u>578</u>
Total non-current liabilities		<u>782</u>	<u>871</u>
Net assets		<u>2,233</u>	<u>2,575</u>
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	12	73	73
Reserves		<u>1,199</u>	<u>1,476</u>
		1,272	1,549
Non-controlling interests		<u>961</u>	<u>1,026</u>
Total equity		<u>2,233</u>	<u>2,575</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

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, KY1-1111, 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) 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 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 (the “**Listing Rule**”) Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. The condensed consolidated financial statements should be read in conjunction with the Group’s annual financial statements as at 31 March 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (the “**HKFRSs**”) issued by the HKICPA.

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 April 2023. HKFRSs comprise HKFRS; HKAS and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current period and prior period.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

Key event during the six months ended 30 September 2023

1. On 13 June 2023 and 29 June 2023, True Well Limited, an indirect non-wholly owned subsidiary of the Company, executed an order with Shanghai Commercial Bank Limited for a bond purchase at the consideration of approximately HK\$250 million and HK\$101 million, respectively.
2. On 27 July 2023, Hao Tian Management (China) Limited, an indirect wholly owned subsidiary of the Company, as a seller, has signed an agreement with Yitai Share (Hong Kong) Company Limited (a wholly-owned subsidiary of Inner Mongolia Yitai Coal Company Limited) as a purchaser to dispose of 1,400,088,000 shares (being 18.37% of the total issued share capital) of Hao Tian International Construction Investment Group Limited (an indirect non-wholly owned subsidiary of the Company) at the consideration of HK\$420,026,400. And the completion took place on 17 October, 2023.

The Strategic investor, Inner Mongolia Yitai Coal Company Limited* (內蒙古伊泰煤炭股份有限公司) through its subsidiary, has become a major shareholder of the Hao Tian International Construction Investment Group Limited from 17 October 2023, which represents a good opportunity to broaden its shareholder base, considering the strong investor profile of Inner Mongolia Yitai Coal Company Limited* which will in turn boost the investor confidence in the market and may bring additional resources and investment opportunities to the Group.

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 2023.

4 REVENUE AND SEGMENT INFORMATION

a. Description of segments and principal activities

The Group has identified six (30 September 2022: 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) Provision of asset management, securities brokerage and other financial service business: The Group holds Securities and Future Commission licenses for conducting type 1 (dealing in securities), 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.
- (iv) Property leasing business: The Group holds a commercial property in London, the UK, for leasing.
- (v) Property development business: The Group holds properties under development in Malaysia through a subsidiary and in Cambodia through an associate.
- (vi) Money lending business: The Group holds money lending licenses and offers mortgaged loan and personal loan businesses in Hong Kong.

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 2023 and 2022 are as follows:

For the six months ended 30 September 2023 (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, 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>
External revenue	79	3	3	2	26	-	113
Segment results before the following items:	48	2	2	1	(37)	-	16
- Depreciation and amortisation	(34)	-	-	-	-	-	(34)
- Reversal of allowance/(allowance) for expected credit loss on financial assets	(1)	-	(6)	-	1	-	(6)
- Interest income	-	-	-	2	-	-	2
- Finance costs	(2)	-	-	-	(13)	-	(15)
Segment results	11	2	(4)	3	(49)	-	(37)
Unallocated:							
- Other income							17
- Fair value losses							(150)
- Other losses, net							(2)
- Administrative expenses							(36)
- Reversal of allowance for expected credit loss on financial assets							5
- Share-based payment expenses							(1)
- Finance costs							(57)
Loss before taxation							(261)

For the six months ended 30 September 2022 (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, 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>
External revenue	108	5	14	5	29	-	161
Segment results before the following items:	38	5	9	5	20	-	77
- Depreciation and amortisation	(25)	-	-	-	-	-	(25)
- Reversal of allowance/(allowance) for expected credit loss on financial assets	4	-	(53)	3	-	-	(46)
- Finance costs	(2)	-	-	-	(12)	-	(14)
Segment results	15	5	(44)	8	8	-	(8)
Unallocated:							
- Other income							21
- Fair value losses							10
- Other gains, net							62
- Administrative expenses							(45)
- Allowance for expected credit loss on financial assets							(2)
- Share-based payment expenses							(2)
- Share of results of associates							(7)
- Share of results of joint ventures							(5)
- Finance costs							(29)
Loss before taxation							(5)

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		Non-current assets ^(note)	
	Six months ended		As of	As of
	30 September		30 September	31 March
	2023	2022	2023	2023
	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>
	(unaudited)	(unaudited)	(unaudited)	(audited)
Geographical market:				
Hong Kong	87	126	423	433
UK	26	29	1,463	1,540
The People's Republic of China (the "PRC")	-	5	-	5
Macau	-	1	-	-
Cambodia	-	-	1,124	1,127
	<u>113</u>	<u>161</u>	<u>3,010</u>	<u>3,105</u>

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

d. Revenue summary

	Six months ended	
	30 September	
	2023	2022
	<i>HK\$'million</i>	<i>HK\$'million</i>
	(unaudited)	(unaudited)
Revenue from contracts with customers (<i>note i</i>):		
– Sales of construction machinery and spare parts	11	25
– Repair and maintenance and transportation service income	3	5
– Commission income generated from asset management, securities brokerage and other financial services	1	3
	<hr/>	<hr/>
	15	33
	<hr/>	<hr/>
Revenue from other sources:		
– Rental income generated from construction machinery	68	83
– Rental income generated from leasing of investment properties	26	29
– Interest income generated from money lending	3	14
– Interest income generated from margin financing	1	2
	<hr/>	<hr/>
	98	128
	<hr/>	<hr/>
	113	161
	<hr/> <hr/>	<hr/> <hr/>

Note i:

Disaggregated revenue information

For the six months ended 30 September 2023 (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 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	11	-	-	11
Repair and maintenance and transportation service income	-	3	-	3
Commission income generated from asset management, securities brokerage and other financial services	-	-	1	1
	<u>11</u>	<u>3</u>	<u>1</u>	<u>15</u>
Timing of revenue recognition				
At a point in time	11	-	1	12
Over time	-	3	-	3
Total	<u>11</u>	<u>3</u>	<u>1</u>	<u>15</u>

For the six months ended 30 September 2022 (unaudited)

Type of goods or services				
Sales of construction machinery and spare parts	25	-	-	25
Repair and maintenance and transportation service income	-	5	-	5
Commission income generated from asset management, securities brokerage and other financial services	-	-	3	3
	<u>25</u>	<u>5</u>	<u>3</u>	<u>33</u>
Timing of revenue recognition				
At a point in time	25	-	3	28
Over time	-	5	-	5
Total	<u>25</u>	<u>5</u>	<u>3</u>	<u>33</u>

5. OTHER INCOME/OTHER (LOSSES)/GAINS, NET

	Six months ended 30 September	
	2023	2022
	<i>HK\$'million</i> (unaudited)	<i>HK\$'million</i> (unaudited)
Other income		
Interest earned on corporate note receivables	14	14
Interest earned on bank deposits	3	1
Dividend income	2	2
Compensation received for early termination of lease	–	6
Sundry income	5	3
	<u>24</u>	<u>26</u>
Other (losses)/gains, net		
Gain on early redemption of corporate bond	–	54
Gain on disposal of a subsidiary	–	1
Gain on disposal of an associate	–	1
Net foreign exchange (loss)/gain	(3)	4
	<u>(3)</u>	<u>60</u>
Total	<u>21</u>	<u>86</u>

6. FINANCE COSTS

	Six months ended 30 September	
	2023	2022
	<i>HK\$'million</i> (unaudited)	<i>HK\$'million</i> (unaudited)
Interest expenses arising from:		
– bank and other borrowings	48	44
– corporate note payables	26	23
Exchange difference on borrowings	(2)	(24)
	<u>72</u>	<u>43</u>

7. INCOME TAX CREDIT

	Six months ended 30 September	
	2023	2022
	<i>HK\$'million</i>	<i>HK\$'million</i>
	(unaudited)	(unaudited)
Current tax		
Hong Kong	3	2
Overseas	1	–
	<u>4</u>	<u>2</u>
Deferred tax credit	<u>(15)</u>	<u>(3)</u>
Income tax credit	<u><u>(11)</u></u>	<u><u>(1)</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 2023 and 2022.

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	
	2023	2022
	(unaudited)	(unaudited)
Loss for the period attributable to the equity holders of the Company (<i>HK\$'million</i>)	(207)	(51)
Weighted average number of ordinary shares in issue (<i>million shares</i>)	<u>7,274</u>	<u>7,321</u>
Basic loss per share (<i>HK cents</i>)	<u><u>(2.85)</u></u>	<u><u>(0.7)</u></u>

(b) Diluted

Diluted loss per share was calculated as follows:

	Six months ended	
	30 September	
	2023	2022
	<i>million shares</i>	<i>million shares</i>
	(unaudited)	(unaudited)
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>7,274</u>	<u>7,321</u>
Weighted average number of ordinary shares for the purpose of diluted loss per share	<u>7,274</u>	<u>7,321</u>
	Six months ended	
	30 September	
	2023	2022
	(unaudited)	(unaudited)
Loss for the period attributable to the equity holders of the Company (<i>HK\$' million</i>)	(207)	(51)
Adjustments for:		
– Assumed grant at share awards by Hao Tian International Construction Investment Group Limited (<i>HK\$' million</i>)	<u>–</u>	<u>(1)</u>
Adjusted loss for the period attributable to equity holders of the Company used to determine the diluted loss per share (<i>HK\$' million</i>)	<u>(207)</u>	<u>(52)</u>
Weighted average number of ordinary shares in issue (<i>million shares</i>)	<u>7,274</u>	<u>7,321</u>
Diluted loss per share (<i>HK cents</i>)	<u>(2.85)</u>	<u>(0.71)</u>

10. TRADE RECEIVABLES

	As at 30 September 2023 <i>HK\$'million</i> (unaudited)	As at 31 March 2023 <i>HK\$'million</i> (audited)
Trade receivables from clients arising from		
– rental income from construction machinery business	53	56
– securities brokerage	71	48
– rental income from leasing of investment properties	26	25
	<u>150</u>	<u>129</u>
Less: Allowance for expected credit loss	(14)	(14)
	<u>136</u>	<u>115</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 2023 <i>HK\$'million</i> (unaudited)	As at 31 March 2023 <i>HK\$'million</i> (audited)
0–30 days	44	17
31–60 days	4	20
61–90 days	7	4
91–180 days	15	21
181–365 days	19	11
Over 365 days	35	31
	<u>124</u>	<u>104</u>

11. TRADE PAYABLES

An ageing analysis of trade payables, based on the date of receipt of goods, is as follows:

	As at 30 September 2023 <i>HK\$'million</i> (unaudited)	As at 31 March 2023 <i>HK\$'million</i> (audited)
0–30 days	2	2
31–60 days	1	2
61–180 days	2	7
180–360 days	3	2
	<u>8</u>	<u>13</u>

12. SHARE CAPITAL

	Number of shares <i>million shares</i>	Share capital <i>HK\$'million</i>
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 April 2022, 31 March 2023, 1 April 2023 and 30 September 2023	<u>50,000</u>	<u>500</u>
At 1 April 2023 (audited) and 30 September 2023 (unaudited)	<u>7,382</u>	<u>73</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Impact of Geopolitical Tensions, Military Occupation and High Inflation Rate

2023 was another challenging year under the Post COVID Era together with geopolitical tensions, military occupation high inflation rate, and other upheavals that were rarely encountered in recent history. The Hong Kong economy has remained vulnerable as economic recovery was uneven in different sectors, and global economy recover remains uncertain. The Group remained resilient and focused on its existing businesses.

During the Period, the Group continued to pursue a long-term business strategy of diversifying into financial services business, property leasing, property development business, and construction machinery business. The Group's principal activities include: (i) securities investment; (ii) provision of securities brokerage and 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.

Construction machinery business

The Group offers crawler cranes of different sizes, other mobile cranes, aerial platforms and foundation equipment in its construction machinery rental fleet. The Group procures these construction machinery mainly through the manufacturers of construction machinery located in Western Europe, Japan and China as well as traders of used construction machinery around the world. The Group has maintained approximately 170 units of construction machinery in the rental fleet during the Period. In order to maintain a modern fleet of construction machinery with a greater variety of models, the Group has been replacing portions of its fleet of construction machinery from time to time. The Board will continue to monitor the daily operations and review the expansion plan of the rental fleet and the capital requirements of the Group regularly. The Group may reschedule such expansion plan according to the operation and needs, the preference of the target customers and prevailing market conditions if necessary. To satisfy customers' needs, the Group also sells spare parts for maintenance purposes or upon request.

Financial services business

The Group holds licenses for conducting Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (the “SFO”) and provides a wide range of financial services.

The revenue for the Period of the financial services business (including provision of asset management, securities brokerage and other financial services) was approximately HK\$2 million (2022: approximately HK\$5 million). The decrease in revenue was mainly due to decrease in the value and volume of transactions in securities brokerage.

Money lending business

The Group holds money lender licenses under the Money Lenders Ordinance in Hong Kong and the money lending business was conducted through its indirect wholly-owned and non-wholly owned subsidiaries, which grant loans to individuals and enterprises. The Group strived to adhere to a set of comprehensive policy and procedural manual in respect of loan approval, loan renewal, loan recovery, loan compliance, monitoring and anti-money laundering.

a) The size and diversity and sources of its clients, and source of funding of the money lending business

As at 30 September 2023, the Group had loans receivable with carrying amount of approximately HK\$130 million (31 March 2023: HK\$145 million). A total of approximately HK\$8 million of the loan receivables and interest income receivables was received from borrowers during the Period. The Group recorded interest income from loans receivable of approximately HK\$3 million for the Period (2022: HK\$14 million). During the Period, the Group did not grant new loan (2022: 1) to individual independent third parties.

As at 30 September 2023, there are a total number of 14 borrowers (12 individuals and 2 corporations) under the Company’s loan portfolio. The Company provides its mortgage financing service to individual and corporation clients of different backgrounds, including home owners and investment holding company, who are referred by sales executives. The source of funds for the money lending business is funded by the internal resources of the Group.

As at 30 September 2023, 12 loans with aggregate amount of approximately HK\$126 million were overdue, all of which were supported by personal guarantee and/or collaterals, with interest rate ranging from 8% to 16% per annum. A total of 11 loans with aggregate amount of approximately HK\$98 million were under legal proceedings (including assets under public auctions).

As at 30 September 2023, the carrying amount of outstanding loans receivable from the five largest borrowers of the Group totalled HK\$104 million (representing 80% to the total loans receivable of the Group) while the carrying amount of outstanding loans receivable from the largest borrower amounted to HK\$28 million (representing 22% to the total loans receivable of the Group).

b) *Credit risk assessment policy*

The Group has performed background and credit risk assessment on the potential borrowers before granting the loans by (a) conducting public searches on their identity and background; (b) reviewing and assessing their financial information; and (c) performing an assessment on their creditability.

The Group has adopted a credit policy to manage its money lending business which includes compliance with all applicable laws and regulations, credit assessment on potential borrower and his/its assets, the credibility of the potential borrower, the necessity in obtaining collaterals and determination of suitable interest rate to reflect the risk level of the provision of loan.

The Company's money lending business offers both secured and unsecured loans to borrowers comprising individuals and corporations. The Company has adopted a credit risk policy and put in place loan approval procedures to manage its money lending business which includes compliance with all applicable laws and regulations, credit assessment on potential borrower and his/its assets, the credibility of the potential borrower, the necessity in obtaining collaterals, assessment of the use of proceeds and the source of repayment. Details of such policy and procedures are all consolidated in an Internal Control Manual which governs the operations of our money lending business and relevant staff are required to be abide by in conducting their behaviours and delivering their target performance. In granting loans to clients, documents such as loan application, proof of identity, employer/income verification, proof of address and any relevant credit reports of potential borrowers are required. The scope of money lending services provided by the money lending business generally includes personal loans, and business loans on general working capital. The Company tries to diversify the loan portfolio by providing to different borrowers to lower the concentration risk. The Company does not have preference for specific types of borrowers for loan acceptance (e.g. job/business nature of borrower). The credit risk assessment was made on a case-by-case basis and the Company generally looks at the 5 Cs in the assessment of credit risk of borrowers, the 5 Cs are credit history, capacity to repay, capital, the loan's condition and associated collaterals. These includes but not limited to reviewing the financials of borrowers, considering the borrower's repayment history and evaluating whether the borrowers are in bankruptcy, receivership or liquidation.

Within a loan category, the interest rates, the duration of the loan and repayment terms of the loan vary and is determined by various factors such as background and credibility of borrowers, their business plans and present and projected operation performance, the collateral security to be made available by these borrowers, and their repayment track records (if the loan is sought by existing borrowers and previous borrowers). The determination of the loan terms reflects the risk level of the provision of loan and ensure the risk is at a controllable level.

c) *Key internal controls*

The Group also assesses and decides the necessity and the value of security/ collateral for granting of each loan, whether to an individual or enterprise, on a case by case basis after considering various factors, including but not limited to, the repayment history, results of public search towards the borrower, the value and location of the assets owned by the borrower and the financial condition of the borrower.

For credit approval before granting loans to potential borrowers, the Company performs credit assessment process to assess the potential borrowers' credit quality individually, such as their identity and background, assessment on their creditability, financial background of the borrowers (again, factors such as background and credibility of borrowers, their business plans and present and projected operation performance, the collateral security to be made available by these borrowers, and their repayment track records (if the loan is sought by existing clients) are considered), as well as the value and characteristics of the collaterals to be pledged. The loan proposals will be prepared by the designated loan officer and review by risk management department of money lending business on case specific issues in relation to the factors described above to determine if they have been thoroughly considered. Risk management department of money lending business will discuss each case with loan officer to fine tune its loan proposal and risk management department will make official comments on the submission draft. The loan proposal together with the comments from risk management department will then be sent to the approver(s), who are Director(s) designated with such role and function for approval through physical meetings or emails. Approver(s) may also comment, add pre-conditions and improve the terms and conditions during this process. The relevant department head(s) and approver(s) will sign off the proposals once approval is obtained for proper record.

The Company has the designated loan officer to closely monitor its loan portfolio, include regular communication with the borrowers of their financial position together with other measures such as monthly assessment of valuation of collateral (if any), repayment track record of borrower(s), change of profile of borrower(s) (such as change of employment and if there is additional liabilities on the part of the borrower(s), through which the Company will be able to keep updated with the latest credit profile and risk associated with each individual borrower and could take appropriate actions for recovery of a loan at the earliest time.

Also, risk management department, which comprised of officers with background in finance, auditing and experience in money lending business, will review the risk level of each of the loans on a daily basis and report to the senior management which includes Chief Executive Officer, Financial Controller and the Board in some cases regularly on their recommendation.

From time to time, risk management department of the money lending business will alert the senior management on certain events (e.g. failed repayment) and advise the Company to take appropriate actions. The accounts department of the money lending business will also keep track of the repayment schedule constantly and make alerts to senior management, the Financial Controller and Chief Executive Officer in case of failed or late repayment.

d) Recoverability and collection

At each month end, the designated loan officer will check if there is overdue balances or late payment and risk management department will perform an independent review on the loans portfolio and closely monitor the status and report to the senior management. Usually there would be internal discussions on a case-by-case basis on what recovery actions to be taken so that the Company could recover the most in a timely manner. Various possible means such as phones calls, seizure of collaterals, statutory demand letter and further legal actions would be discussed. Reminder letter and statutory demand letter will be issued to the borrower when considered appropriate if there is overdue repayment. Where appropriate, legal action will be initiated against the borrower for the recovery of the amount due and taking possession of the collateral pledged. Actions in seizure of collaterals and realization of underlying collaterals would also be taken if necessary. Where appropriate, the Company will also petition to the court for bankruptcy/winding-up of the borrower and/or guarantor. Again, the recovery and collection decisions and processes are included in the monthly risk management report to the senior management.

The Director who operates and oversees the money lending business have vast experiences and knowledge in the industry. The risk management department which includes a senior financial management of the Company's money lending business and holds a bachelor's degree in Business and an Associated Degree in Psychology, and has more than 15 years' experience in the money lending industry. The Company's management team, which includes the chief executive officer, chief financial officer of the Company and the Company's financial controller and the company secretary, also possess over 10 years of experience in the corporate and banking industry and the field of accounting and auditing. Additionally, most of the Board members also possess extensive experience in corporate financing, investments and banking and financial advisory services.

e) Compliance with Chapter 14 and/or 14A of the Listing Rules and Money Lenders Ordinance

Our Group is required to and has, at all times, strictly complied with all relevant laws and regulations. The Company has complied with the requirements as set out in Chapter 14 and/or 14A of the Listing Rules when it granted or extended the loans to each of the respective borrower whose loan was still outstanding as at 30 September 2023.

In addition to the Listing Rules, the Money Lenders Ordinance constituted a major governance laws on our Group's money lending business in Hong Kong. During the Period, we did not receive any objection from and was not investigated by the Registrar of Money Lenders (presently performed by the Registrar of Companies) nor the Commissioner of Police regarding the renewal of the money lenders license.

f) Amount of loan receivables secured by pledge of collaterals and guarantees, and nature of the collaterals

	30 September 2023	31 March 2023
	<i>HK\$'million</i>	<i>HK\$'million</i>
	(unaudited)	(audited)
Hong Kong money lending business		
– Secured only by corporate note, shares and properties	15	23
– Secured only by personal guarantees	30	30
– Secured only by corporate note, receivables and properties and personal guarantees	28	32
– Unsecured and no guarantee	26	27
	<u>99</u>	<u>112</u>

g) Maturity profile of loan receivables

	30 September 2023	31 March 2023
	<i>HK\$'million</i>	<i>HK\$'million</i>
	(unaudited)	(audited)
Hong Kong money lending business		
– Due within 1 year	99	112
– Due over 5 years	–	–
	<u>99</u>	<u>112</u>

h) Mortgage loan and personal loan interest rate

The mortgage loan interest rate is ranging from 8%–15% per annum (31 March 2023: ranging from 8% to 15% per annum). The personal loan interest rate is ranging from 10% to 16% per annum (31 March 2023: 11% to 15% per annum).

i) Reasons for the movements in provision of impairment loss in the Period

The provision for expected credit loss of loans receivables recognised in the consolidated statement of profit and loss for six months ended 30 September 2023 are HK\$6 million (2022: provision of HK\$52 million).

The Company adopted the requirements in respect of expected credit losses assessment set forth in HKFRS 9 issued by the HKICPA in determining the impairment loss allowance for its loan receivables. The details of the accounting policies in respect of the impairment assessment of financial assets are set out in the Annual Report for the year ended 31 March 2023. The Company has taken into account the following factors on the impairment assessment for the outstanding loans and unlisted debt securities due from the connected parties and independent third parties in accordance with the HKFRS 9: (i) the probability of default and the likelihood that the borrowers may fail to pay back the loans. The Company will perform due diligence on the financial statements and consider the macro-environment and the latest announcements of the borrowers. The repayment history of the borrowers will also be taken into account; (ii) the loss given default and the expected cash shortfall between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive. The Company will consider the value of the collaterals pledged for the loans, if any; and (iii) forward-looking market data such as gross domestic product will also affect the recoverability of the loans. The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes due.

As at 30 September 2023, the management had engaged an independent qualified valuer to determine the expected credit losses of the Group's loans receivable (the "**loans receivable ECL**"). In assessing the loans receivable ECL of the Group, a credit rating analysis of the underlying debtors was adopted by reviewing the historical accounting information to estimate the default risk. The Group applied different expected loss rates to different classes of receivables according to their respective risk characteristics. In determining the default risk, various factors including but not limited to, the ageing analysis of the receivables, the Group's internal assessment of the debtors' credit worthiness, historical and forecast occurrence of event of default, existence and valuation of the collaterals, the relevant regulatory framework and government policies in Hong Kong and global economic outlook in general and the specific economic conditions of Hong Kong would be considered. The rate of loans receivable ECL ranged from 19% to 61% (31 March 2023: 7% to 61%) depending on the nature, probability of default and loss of the loans receivable.

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\$176 million was recorded during the Period (2022: fair value loss of approximately HK\$68 million).

Leasing business

During the Period, the rental income derived from investment properties contributed revenue of approximately HK\$26 million (2022: approximately HK\$29 million) and the fair value loss on investment properties was approximately HK\$55 million (2022: approximately HK\$9 million).

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 site area 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 purposes. 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 property is held under the government lease for a lease term of 99 years expiring on 8 February 2097 for residential and commercial building uses. The project was still in its preliminary stage during the Period.

FINANCIAL REVIEW

The Group had incurred a loss of approximately HK\$250 million for the Period (2022: approximately HK\$4 million).

Revenue

During the Period, the total revenue was approximately HK\$113 million (2022: approximately HK\$161 million).

Sales of construction machinery and spare parts, rental income from construction machinery

During the Period, the sales of construction machinery and spare parts was approximately HK\$11 million (2022: approximately HK\$25 million), and rental income generated from construction machinery was approximately HK\$68 million (2022: approximately HK\$83 million), respectively. The decrease in sales of construction machinery and spare parts was mainly due to the decrease in sales of used cranes. We have disposed of many used cranes for replacement of our rental fleets for the period ended 30 September 2022. The decrease in rental income was mainly due to completion of some major construction projects in 2023. The utilisation rate for the rental machineries are approximately 85%.

Money lending, asset management, securities brokerage and other financial services

During the Period, the revenue from money lending, asset management, securities brokerage, provision of other financial services decreased by approximately HK\$14 million. Such decrease was mainly attributable to the decrease in loan receivables and decrease in the value and volume of transactions securities brokerage.

Fair value losses on financial assets at fair value through profit or loss (“FVTPL”), net

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

Name/(Stock Code)		Number of shares held at 31 March 2023	Percentage of shareholdings at 31 March 2023	Number of shares held at 30 September 2023	Percentage of shareholdings at 30 September 2023	Fair value	Fair value	Fair value	Percentage of total assets of the Group at 30 September 2023
						at 31 March 2023	at 30 September 2023	(losses)/ gains for the Period	
	(Notes)				(Note 1)	HK\$'million	HK\$'million	HK\$'million	
Shandong Hi-Speed Holdings Group Limited (412)		3,000	0.00%	3,000	0.00%	-	-	-	-
Alliance International Education Leasing Holdings Limited (1563)	2	28,091,336	1.66%	28,091,336	1.66%	141	42	(98)	0.79%
Carnival Group International Limited (996)		3,624,400	0.38%	3,624,400	0.38%	-	-	-	-
Imperial Pacific International Holdings Limited (1076)	3	203,100,100	1.91%	203,100,100	1.91%	13	13	-	0.25%
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%
Virtual Mind Holding Company Limited (1520)	4	283,994,000	14.24%	283,994,000	14.04%	59	25	(34)	0.47%
Bank of Qingdao Company Limited (3866)	5	13,108,000	0.23%	13,108,000	0.23%	33	29	(4)	0.55%
Wealthink AI-Innovation Capital Limited (formerly Wealthking Investments Limited) (1140)	6	29,880,000	0.28%	29,880,000	0.28%	10	4	(6)	0.08%
Grand Ocean Advanced Resources Company Limited (65)	7	60,000,000	3.99%	60,000,000	3.48%	19	10	(9)	0.19%
IBO Technology Company Limited (2708)		1,120,000	0.17%	1,120,000	0.16%	2	-	(2)	-
China Dili Group (1387)		80,000	0.00%	80,000	0.00%	-	-	-	-
Minerva Group Holdings Limited (Formerly Power Financial Group Limited) (397)		8,000,000	0.29%	8,000,000	0.29%	1	1	-	0.02%
HG Semiconductor Limited (6908)	8	1,500,000	0.26%	1,500,000	0.20%	3	2	(1)	0.04%
Asia Energy Logistics Group Limited (351)	9	30,650,000	1.53%	30,650,000	1.53%	7	6	(1)	0.11%
Riverwood Multi-Growth Fund	10	N/A	N/A	N/A	N/A	25	-	-	-
Atlantis China Fund	11	N/A	N/A	N/A	N/A	15	15	-	0.28%
Riverwood Fortune Fund		N/A	N/A	N/A	N/A	7	7	-	0.13%
Tisé Equity SP-1	12	N/A	N/A	N/A	N/A	29	7	(22)	0.13%
Finance lease Investment SP		N/A	N/A	N/A	N/A	31	32	1	0.6%
Unlisted debt instrument		N/A	N/A	N/A	N/A	15	14	-	0.26%
Convertible note receivable		N/A	N/A	N/A	N/A	3	3	-	0.06%
						415	212	(176)	4.00%

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 30 September 2023 of the issuers publicly available on the website of the Stock Exchange.
2. Alliance International Education Leasing Holdings Limited (“**Alliance International**”) and its subsidiaries (collectively “**Alliance International Group**”) were principally engaged in offering finance lease services and provide higher education services.

Pursuant to Alliance International Group’s interim results announcement for the nine months ended 30 September 2023, International Alliance Group recorded revenue of approximately RMB441 million and total comprehensive income of approximately RMB227 million.

The Group held approximately 28 million shares of Alliance International at 30 September 2023.

3. Imperial Pacific International Holdings Limited (“**Imperial Pacific**”) and its subsidiaries (collectively “**Imperial Pacific 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 Pacific Group’s annual report for the year ended 31 December 2021, Imperial Pacific Group recorded revenue of nil and total comprehensive loss of approximately HK\$1,087 million.

The Group held approximately 203 million shares of Imperial Pacific as at 30 September 2023.

4. Virtual Mind Holding Company Limited (“**Virtual Mind**”), and its subsidiaries (collectively “**Virtual Mind Group**”) were principally engaged in the design, manufacturing and trading of apparels, provision of money lending services and sale of trendy and cultural products.

Pursuant to Virtual Mind Group’s interim report for the period ended 30 June 2023, Virtual Mind Group recorded revenue of approximately HK\$32 million and total comprehensive loss of approximately HK\$24 million.

The Group held approximately 284 million shares of Virtual Mind as at 30 September 2023.

5. Bank of Qingdao Company Limited (“**Bank of Qingdao**”) and its subsidiaries (collectively “**Bank of Qingdao Group**”) were principally engaged in the provision of corporate and personal deposits, loans and advances, settlement, financial market business, financial leasing, wealth management and other services.

Pursuant to Bank of Qingdao’s 2023 Third Quarterly Report for the nine months ended 30 September 2023, Bank of Qingdao Group recorded revenue of approximately RMB17,361 million and total comprehensive income of approximately RMB3,777 million.

The Group held approximately 13 million shares of Bank of Qingdao as at 30 September 2023.

6. Wealththink AI-Innovation Capital Limited (formerly known as Wealthking Investments Limited) (“**Wealththink**”) and its subsidiaries (collectively “**Wealththink Group**”) has a principal investment objective to achieve earnings in the form of medium to long term capital appreciation through investing in a diversified portfolio of global investments in listed and unlisted enterprises.

Pursuant to Wealththink Group’s Annual Report for the year ended 31 March 2023, Wealththink Group recorded revenue of approximately HK\$469 million and total comprehensive income of approximately HK\$27 million.

The Group held approximately 29.8 million shares of Wealththink as at 30 September 2023.

7. Grand Ocean Advanced Resources Company Limited (“**Grand Ocean**”), and its subsidiaries (collectively “**Grand Ocean Group**”) were principally engaged in the production and sale of coal and minerals.

Pursuant to Grand Ocean Group’s Interim Report for the period ended 30 June 2023, Grand Ocean Group recorded revenue of approximately HK\$82 million and total comprehensive income of approximately HK\$33 million.

The Group held approximately 60 million shares of Grand Ocean as at 30 September 2023.

8. HG Semiconductor Limited (“**HG Semiconductor**”), and its subsidiaries (collectively “**HG Semiconductor Group**”) were principally engaged in the design, development, manufacturing, subcontracting and sale of semiconductors products, including light-emitting diode beads, gallium nitride chips, and related components and related application products and fast charging products in the PRC.

Pursuant to HG Semiconductor Group’s Interim Report for the period ended 30 June 2023, HG Semiconductor Group recorded revenue of approximately RMB46 million and total comprehensive loss of approximately RMB54 million.

The Group held approximately 1.5 million shares of HG Semiconductor as at 30 September 2023.

9. Asia Energy Logistics Group Limited (“**Asia Energy**”), and its subsidiaries (collectively “**Asia Energy Group**”) were principally engaged in the (i) shipping and logistics business and (ii) telecommunications related business.

Pursuant to Asia Energy Group’s Interim Report for the period ended 30 June 2023, Asia Energy Group recorded revenue of approximately HK\$78 million and total comprehensive loss of approximately HK\$1 million.

The Group held approximately 31 million shares of Asia Energy as at 30 September 2023.

10. Riverwood Multi-Growth Fund (Formerly HT Riverwood Multi-Growth 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. Riverwood Fund may invest in Exchange-Traded Funds (ETFs), U.S. Treasury securities and derivative products.

11. 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 People’s Republic of China (“**PRC**”) and Hong Kong, including but not limited to listed equities, preferred stocks, convertible securities, notes and other financial products. 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.

12. Tisé Equity SP-1 is a segregate portfolio of Tisé Opportunities SPC, an exempted company incorporated with limited liability and registered as a segregated portfolio company under the laws of the Cayman Islands in March 2021, with an investment objective to provide its investors with long- term capital appreciation.

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\$176 million was recorded during the Period (2022: fair value loss of approximately HK\$68 million).

Fair value loss on investment properties

During the Period, a fair value loss of approximately HK\$55 million (2022: approximately HK\$9 million) was recognised for investment properties of the Group.

Fair value gain on financial liabilities at FVTPL

During the Period, a fair value gain of approximately HK\$26 million (2022: approximately HK\$78 million gain) arose on financial liabilities at FVTPL.

Other losses, net

During the Period, other losses, net was at approximately HK\$3 million (2022: other gains of approximately HK\$60 million).

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\$1 million (2022: allowance of approximately HK\$48 million recognised). The decrease in the amount was mainly attributable to the reduction in loan receivables. The Group has engaged an independent professional valuer for assessing the allowance for expected credit losses on financial assets.

Administrative expenses

During the Period, the administrative expenses were approximately HK\$60 million (2022: approximately HK\$62 million). Among the administrative expenses incurred during the Period, approximately HK\$9 million was related to depreciation and non-cash in nature; while the remaining expenses of approximately HK\$24 million were mainly related to staff costs. The decrease in administrative expenses was mainly attributable to effective implementation in cost-saving-plans.

Share of results of associates

During the six months ended 30 September 2022, the share of losses of associates of approximately HK\$7 million.

Share-based payment expenses

The expense of approximately HK\$1 million (2022: approximately HK\$2 million) was related to the share awards and emolument shares granted to certain directors and employees.

Finance costs

During the Period, the finance costs were approximately HK\$72 million (2022: approximately HK\$43 million).

Taxation

During the Period, the net income tax credit was approximately HK\$11 million (2022: approximately HK\$1 million net income tax credit).

Fair value losses on financial assets at fair value through other comprehensive income (“FVTOCI”), net

The details of the listed securities investments and the net fair value losses recognised during the Period are set out below:

Name	Notes	Percentage of shareholdings at 31 March 2023	Percentage of shareholdings at 30 September 2023	Fair value at 31 March 2023 HK\$'million	Fair value at 30 September 2023 HK\$'million	Fair value losses for the Period HK\$'million	Percentage of total assets of the Group at 30 September 2023
Goodwill International (Holdings) Limited	<i>a</i>	7.54%	7.54%	3	3	-	0.06%
Co-Lead Holdings Limited	<i>b</i>	1.04%	1.04%	15	15	-	0.28%
Quan Yu Tai Investment Company Limited	<i>c</i>	15%	15%	287	249	(38)	4.7%
Oshidori International Holdings Limited (622)	<i>d</i>	1.27%	1.27%	20	18	(2)	0.34%
China Pearl Global Limited	<i>e</i>	10%	10%	425	415	(10)	7.83%
Tonsin Petrochemical Investment Limited	<i>f</i>	16.67%	16.67%	41	36	(5)	0.68%
Empire Victory Hong Kong Limited	<i>g</i>	4.11%	4.11%	10	9	(1)	0.17%
				801	745	(56)	14.06%

Notes:

- a. Goodwill International (Holdings) Limited (“**Goodwill Int’1**”) 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’1) would receive dividend.
- b. Co-lead Holdings Limited is principally engaged in trading of securities, provision of finance and holding of investments in financial services industry.

- c. 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.
- d. Oshidori International Holdings Limited (“**Oshidori**”) principally engages in investment holdings, trading and investment in securities, and the provisions of (i) securities brokerage services, (ii) margin financing services, (iii) placing and underwriting services, (iv) corporate finance advisory services, (v) investment advisory and asset management services, and (vi) credit and lending services. Pursuant to Oshidori’s interim report for the period ended 30 June 2023, Oshidori recorded revenue of approximately HK\$40 million and total comprehensive loss of approximately HK\$324 million.

The Group held 77,500,000 shares of Oshidori as at 30 September 2023 (31 March 2023:77,500,000).

- e. China Pearl Global Limited (“**CPG**”), through its wholly owned subsidiary, hold a shopping mall in Quanzhou, Fujian Province, the People’s Republic of China with approximately 97,000 square meters (available lease out area over 65,000 square meters) and 1,089 car parking spaces, and it lease out the complex to tenants and provides property management services to the shopping mall.
- f. Tonsin Petrochemical Investment Limited principally engages in the development of EcoPark in South-East Asia which focus on waste management and recycling industry with advanced technologies and value-add processes.
- g. Empire Victory Hong Kong Limited principally engages in the provision of trading in petroleum and aluminium products

Liquidity, financial resources and capital structure

As at 30 September 2023, the Group’s current assets and current liabilities were approximately HK\$1,446 million (31 March 2023: approximately HK\$2,297 million) and approximately HK\$2,286 million (31 March 2023: approximately HK\$2,855 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 securing the most privileged rates and favourable terms to the Group for its financing.

Gearing ratio and indebtedness

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 consolidated statement of financial position plus net debts. The capital structure (including its gearing ratio) as at 30 September 2023 and 31 March 2023 was as follows:

	30 September 2023	31 March 2023
	<i>HK\$'million</i>	<i>HK\$'million</i>
	(unaudited)	(audited)
Bank and other borrowings	1,712	1,743
Corporate note payables		
– at amortised cost	535	572
– at FVTPL	552	578
	<hr/>	<hr/>
Total borrowings	2,799	2,893
Less: cash and cash equivalents	(130)	(187)
pledged bank deposits	(11)	(30)
	<hr/>	<hr/>
Net debts	2,658	2,676
Total equity	2,233	2,575
	<hr/> <hr/>	<hr/> <hr/>
Total capital	4,891	5,251
	<hr/> <hr/>	<hr/> <hr/>
Gearing ratio	54%	51%
	<hr/> <hr/>	<hr/> <hr/>

As at 30 September 2023, 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>	2nd year <i>HK\$'million</i>	3–5 years <i>HK\$'million</i>	Total <i>HK\$'million</i>
HK\$	719	22	11	752
US\$	133	–	–	133
GBP	827	–	–	827
	<u>1,679</u>	<u>22</u>	<u>11</u>	<u>1,712</u>

As at 30 September 2023, approximately 99% of the Group's borrowings are secured by (1) investment properties; (2) corporate note receivables; (3) property, plant and equipment; (4) financial assets; and (5) bank deposits.

The borrowings with aggregate amounts of approximately HK\$1,006 million were carried at fixed interest rates, approximately HK\$706 million were carried at floating interest rates.

As at 30 September 2023, cash and cash equivalents and pledged bank deposit were denominated in the following currencies:

	<i>HK\$'million</i>
HK\$	86
GBP	21
RMB	26
US\$	5
JPY	2
EUR	<u>1</u>
	<u>141</u>

Interest rate risk

The Group's pledged bank deposits and finance lease receivables bear fixed interest rates. The Group's cash at bank balances bear floating interest rates. The Group also has borrowings, obligation under finance leases. Exposure to interest rate risk exists on those balances subject to floating interest rate when there are unexpected adverse interest rate movements. The Group's policy is to manage its interest rate risk, working within an agreed framework, to ensure that there are no undue exposures to significant interest rate movements and rates are appropriately fixed when necessary.

Currency risk

The Group mainly operates in Hong Kong with most of the transactions denominated and settled in HK\$, US\$ and GBP. The Group's exposure to foreign currency risk primarily arises from certain financial instruments including trade receivables, bank balances and cash, trade payables, borrowings and obligation under finance leases which are denominated in US\$ and EUR. The Group does not adopt any hedging strategy in the long run but the management continuously monitors the foreign exchange risk exposure and might enter into foreign exchange forward contracts on a case-by-case basis. The Group has not used any hedging contracts to engage in speculative activities.

Credit risk and liquidity risk

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Period. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements.

Risk management

The Group has established and maintained sufficient risk management procedures to identify and control various types of risk within the organisation and the external environment with active management participation and effective internal control procedures in the best interest of the Group and its shareholders.

Major post-balance sheet date events

Major post-balance sheet events are as follows:

On 17 October 2023, the strategic investor, Inner Mongolia Yitai Coal Company Limited* (內蒙古伊泰煤炭股份有限公司) through its subsidiary, has become a major shareholder of Hao Tian Instruction Construction Investment Group Limited (an indirect non-wholly owned subsidiary of the Company).

Subsequent to the end of the Period and up to the date of this announcement, there was no other significant or important event that affects the business of the Group.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend to the shareholders of the Company for the Period (2022: nil).

CAPITAL COMMITMENTS

As at 30 September 2023 and 31 March 2023, the Group has no material capital commitments.

CONTINGENT LIABILITIES

As at 30 September 2023 and 31 March 2023, the Group had no material contingent liabilities.

Employees and remuneration policy

As at 30 September 2023, the Group had 142 (31 March 2023: 153) staffs. The Group generally recruits its employees from the open market or by referral and enters into employment contracts with its employees. The Group offers attractive remuneration packages to the employees. In addition to salaries, the employees would be entitled to bonuses subject to the Company's and employees' performance. The Group provides a defined contribution to the Mandatory Provident Fund as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for the eligible employees. The Group also adopted a share option scheme and share award scheme.

The operation staff consists of experienced machinery operators and mechanics. While such employees are highly demanded in the market, the Group manages to maintain a relatively stable workforce by continuous recruitment from the market or through referrals. New employees are required to attend induction courses to ensure that they are equipped with the necessary skills and knowledge to perform their duties. In order to promote overall efficiency, the Group also offers technical trainings to existing employees on the operation of more advanced construction machinery from time to time. Selected operation staff are required to attend external trainings which are conducted by the manufacturers of the construction machines to acquire up-to-date technical skills and knowledge on the products of the Group.

MATERIAL ACQUISITIONS, DISPOSALS IN THE PERIOD

1. On 13 June 2023 and 29 June 2023, True Well Limited, an indirect non- wholly owned subsidiary of the Company, executed an order with Shanghai Commercial Bank Limited for a bond purchase at the consideration of approximately HK\$250 million and HK\$101 million, respectively. The bond purchase constituted a major transaction under the Listing Rules.
2. On 27 July 2023, Hao Tian Management (China) Limited, an indirect wholly owned subsidiary of the Company, as the seller, has signed an agreement with Yitai Share (Hongkong) Company Limited (a wholly owned subsidiary of Inner Mongolia Yitai Coal Company Limited) as the purchaser to dispose of 1,400,088,000 shares (being 18.37% of the total issued share capital) of Hao Tian International Construction Investment Group Limited (an indirect non-wholly owned subsidiary of the Company) at the consideration of HK\$420,026,400. The disposal constituted a major transaction under the Listing Rules. The disposal was completed on 17 October 2023.

Other than disclosed above, the Group had not made any material acquisition, disposal of subsidiaries and associates during the Period.

BUSINESS PROSPECTS

The Period was full of opportunities and challenges. The impact caused by geopolitical tensions and military occupation, high inflation rate continues to bring unprecedented challenges as it impacts long-term global economic developments. 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.

The Management also recognised the growing global demand in natural resources. The Group has put in additional resources in search of investment prospect and opportunities in natural resources related projects around the world.

The strategic investor, Inner Mongolia Yitai Coal Company Limited* (內蒙古伊泰煤炭股份有限公司) (“**Yitai**”), through its wholly owned subsidiary, Yitai Share (Hong Kong) Company Limited, has become a major shareholder of Hao Tian International Construction Investment Group Limited (an indirect non-wholly owned subsidiary of the Company) (“**Hao Tian International Construction Investment**”) from 17 October 2023. which represents a good opportunity to introduce a strategic investor to the Group. Considering the strong investor profile of Yitai, it is expected that it will boost the investor confidence in the market and may bring in additional resources and investment opportunities to the Group and it will broaden the shareholder base of Hao Tian International Construction Investment on the other hand.

The B shares of Yitai are listed on the Shanghai Stock Exchange (stock code: 900948) and its H shares were listed on the Main Board of the Hong Kong Stock Exchange and were subsequently voluntarily withdrawn from listing on 11 August 2023 (stock code before withdrawal of listing: 3948).

Yitai was ranked 221 in the 2023 Fortune China 500 listed companies and ranked 268 in the 2023 Fortune China 500, published in July 2023. According to AllChina Federation of Industry and Commerce (中華全國工商業聯合會), Yitai was ranked 188 in the Top 500 Chinese Private Enterprise (中國民企500強) in 2022. Yitai 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 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 (directly owns and control 10 coal mines with resources reserve at 4,445 million tonnes and minable reserve at 2,263 million tonnes), rail transportation operations (controls 3 operating railway line for the coal mines), coal-related chemical operations and other operations.

According to the 2022 annual report of Yitai, it recorded audited revenue of approximately RMB60.6 billion and net profit attributable to owners of approximately RMB10.9 billion for the year ended 31 December 2022 and it recorded net assets of approximately RMB49.5 billion and total assets of approximately RMB91.2 billion as at 31 December 2022. The annual production of commodity coal of Yitai was approximately 48.3 million tonnes and sold 66 million tonnes of coals during 2022.

Looking ahead, the Group will remain cautious and sensibly uphold its risk management policies, strength its capital management and implement stringent cost control measures to uphold its profitability during downturn of economy.

Money lending and financial services business

The Group will continue to expand the clients base and establish a strong track record in order to strengthen the businesses of corporate financial advisory services, asset management services and streamline the client base of money lending services in the coming future. For the securities brokerage services business, the Group will explore the involvement in the share placement activities to enhance its revenue stream.

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. 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. In recent years, Malaysia’s GDP has continued to rise, which proves that Malaysia has strong investment potential. The Group is also deploying and looking for local high-quality projects, following the layout along the “One Belt, One Road” regions. 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 Provision C.2.1 as described below.

Under code provision C.2.1 of the CG Code, the roles of the chairman and chief executive should be separate and should not be performed by the same individual. The Company has neither appointed a board member as the chairman of the Board nor appointed a chief executive officer. 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, and the executive Directors along with other members of senior management of the Company are effective in overseeing the day-to-day operation of the Company under the strong corporate governance structure in place.

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, SALE OR REDEMPTION OF SECURITIES

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

GRANT OF GENERAL MANDATE

On 15 September 2023, 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 of the Company 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.acesogroup.hk). 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, 28 November 2023

As at the date of this announcement, the 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.