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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)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2024**

The board (the “**Board**”) of directors (the “**Directors**”) of Aceso Life Science Group Limited (the “**Company**”) hereby announces the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 March 2024 (the “**Year**”) together with the comparative figures for the corresponding period for the year ended 31 March 2023 (the “**Previous Year**”) as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
FOR THE YEAR ENDED 31 MARCH 2024

	<i>Notes</i>	2024 <i>HK\$'million</i>	2023 <i>HK\$'million</i>
Revenue	3	228	312
Cost of revenue		<u>(111)</u>	<u>(171)</u>
Gross profit		117	141
Other income		49	49
Fair value (losses)/gain:		(292)	(50)
– investment properties		(89)	(19)
– financial assets at fair value through profit or loss (“FVTPL”)		(242)	(82)
– financial liabilities at FVTPL		39	51
Other (losses)/gains, net		(33)	63
Administrative expenses		(124)	(123)
(Impairment losses)/reversal of impairment losses:		(74)	48
– intangible assets		–	13
– financial assets (expected credit losses)		(74)	35
Share-based payment expenses		–	(3)
Share of results of associates		(325)	(131)
Share of results of joint ventures		–	(78)
Finance costs		(141)	(129)
Loss before taxation	4	(823)	(213)
Income tax credit	5	14	5
Loss for the year		<u>(809)</u>	<u>(208)</u>

	<i>Notes</i>	2024 <i>HK\$'million</i>	2023 <i>HK\$'million</i>
Other comprehensive (expenses)/income after tax:			
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value loss on investments in equity instruments at fair value through other comprehensive income (“FVTOCI”)		(354)	(127)
<i>Items that may be reclassified to profit or loss:</i>			
Share of associates’ exchange differences on translating foreign operation		(4)	3
Exchange differences on translating foreign operations		(15)	(70)
Other comprehensive expenses for the year, net of tax		(373)	(194)
Total comprehensive expenses for the year		(1,182)	(402)
(Loss)/profit for the year attributable to:			
Owners of the Company		(462)	(264)
Non-controlling interests		(347)	56
		(809)	(208)
Total comprehensive (expenses)/income for the year attributable to:			
Owners of the Company		(724)	(438)
Non-controlling interests		(458)	36
		(1,182)	(402)
Loss per share			
Basic (HK cents per share)	7	(6.35)	(3.61)
Diluted (HK cents per share)	7	(6.35)	(3.61)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024

	<i>Notes</i>	2024 HK\$'million	2023 <i>HK\$'million</i>
Non-current assets			
Property, plant and equipment		216	235
Right-of-use assets		18	27
Artworks		19	19
Investment properties		1,458	1,518
Intangible assets		171	171
Interests in associates		798	1,130
Interests in joint ventures		–	2
Financial assets at FVTOCI		447	801
Properties for development		326	352
Other financial assets		1	–
Corporate note receivables		–	42
Deferred tax assets		58	54
Other receivables and deposits		9	5
		<hr/>	<hr/>
Total non-current assets		3,521	4,356
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Current assets			
Inventories		2	2
Trade receivables	<i>9</i>	208	115
Other receivables, deposits and prepayments		18	30
Financial assets at FVTPL		119	415
Loan receivables	<i>8</i>	47	145
Finance lease receivables		1	2
Corporate note receivables		501	465
Pledged bank deposits		15	30
Trusted and segregated bank accounts		4	554
Cash and cash equivalents		350	187
		<hr/>	<hr/>
Total current assets		1,265	1,945
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total assets		4,786	6,301
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	<i>Notes</i>	2024 <i>HK\$'million</i>	2023 <i>HK\$'million</i>
Current liabilities			
Lease liabilities		10	14
Bank and other borrowings	<i>10</i>	1,633	1,702
Corporate note payables		420	435
Trade payables	<i>11</i>	6	13
Other payables, deposits received and accruals		129	666
Income tax payables		16	25
Total current liabilities		2,214	2,855
Net current liabilities		(949)	(910)
Total assets less current liabilities		2,572	3,446
Non-current liabilities			
Lease liabilities		9	15
Deferred tax liabilities		84	100
Bank and other borrowings	<i>10</i>	27	41
Corporate note payables		100	137
Financial liabilities at FVTPL		539	578
Total non-current liabilities		759	871
NET ASSETS		1,813	2,575
EQUITY			
Share capital	<i>12</i>	73	73
Reserves		848	1,476
		921	1,549
Non-controlling interests		892	1,026
TOTAL EQUITY		1,813	2,575

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

1. GENERAL INFORMATION

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

The Company is an investment holding company and the principal activities of the Group include: (i) 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.

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”) AND CHANGES IN ACCOUNTING POLICY

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 April 2023 for the preparation of the consolidated financial statements:

Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 “Making Materiality Judgements” (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments in current year has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies to the consolidated financial statements.

Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1	Non-current Liabilities with Covenant ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective for annual periods beginning on or after 1 January 2025.

The directors of the Company anticipate that the application of all amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. REVENUE AND SEGMENT INFORMATION

(a) Description of segments and principal activities

Information reported to the board of directors, being the chief operating decision maker (“**CODM**”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

The Group’s reportable segments under HKFRS 8 Operating Segments are as follow:

- (i) Rental and sale of construction machinery and spare parts business: The Group offers crawler cranes of different sizes, other mobile cranes, aerial platforms and foundation equipment in its construction machinery rental fleet in Hong Kong. The Group also sells construction machinery and spare parts in Hong Kong and Macau.
- (ii) Provision of repair and maintenance and transportation service business: The Group provides repair and maintenance service for construction machinery, in particular the crawler cranes, in Hong Kong. The Group also provides transportation services which include local container delivery, construction site delivery and heavy machinery transport in Hong Kong.
- (iii) Money lending business: The Group holds money lending licenses and offers mortgaged loan and personal loan businesses in Hong Kong.
- (iv) Provision of asset management, securities brokerage 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.
- (v) Property leasing business: The Group holds a commercial property in London, the United Kingdom (the “**UK**”), for leasing.
- (vi) Property development business: The Group holds properties for development in Malaysia through a subsidiary.

(b) Segment profit or loss

There were no intersegment sales during the years. No operating segments have been aggregated in arriving at the reportable segments of the Group.

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

The segment profit or loss for the reportable segments provided to the chief operating decision maker and reconciliation to loss before taxation for the years ended 31 March 2024 and 2023 are as follows:

	2024						Total HK\$'million
	Rental and sale of construction machinery and spare parts HK\$'million	Provision of repair and maintenance and transportation service HK\$'million	Provision of asset management, securities brokerage and Money other financial lending services HK\$'million	Property leasing HK\$'million	Property development HK\$'million	HK\$'million	
Segment revenue							
External revenue	<u>157</u>	<u>6</u>	<u>4</u>	<u>7</u>	<u>54</u>	<u>-</u>	<u>228</u>
Segment results before the following items:	61	3	1	1	42	-	108
- Depreciation	(28)	(1)	-	-	-	-	(29)
- Fair value losses	-	-	-	-	(89)	-	(89)
- Impairment losses of financial assets (expected credit losses)	-	-	(88)	-	-	-	(88)
- Interest income	1	-	-	4	-	-	5
- Finance costs	<u>(4)</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>(25)</u>	<u>-</u>	<u>(30)</u>
Segment results	<u>30</u>	<u>2</u>	<u>(88)</u>	<u>5</u>	<u>(72)</u>	<u>-</u>	<u>(123)</u>
Unallocated:							
- Other income							44
- Fair value losses							(203)
- Other losses							(33)
- Administrative expenses							(65)
- Depreciation							(21)
- Reversal of impairment losses of financial assets (expected credit losses)							14
- Share of results of associates							(325)
- Finance costs							<u>(111)</u>
Loss before taxation							<u>(823)</u>

2023

	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>
Segment revenue							
External revenue	<u>225</u>	<u>8</u>	<u>14</u>	<u>10</u>	<u>55</u>	<u>-</u>	<u>312</u>
Segment results before the following items:	70	9	21	10	49	-	159
- Depreciation	(32)	-	-	-	-	-	(32)
- Fair value losses	-	-	-	-	(19)	-	(19)
- Reversal of impairment losses:							
- intangible assets	13	-	-	-	-	-	13
- financial assets (expected credit losses)	5	-	17	4	-	-	26
- Interest income	-	-	-	1	-	-	1
- Finance costs	(3)	-	(1)	-	(24)	-	(28)
Segment results	<u>53</u>	<u>9</u>	<u>37</u>	<u>15</u>	<u>6</u>	<u>-</u>	<u>120</u>
Unallocated:							
- Other income							48
- Fair value losses							(31)
- Other gains							63
- Depreciation							(20)
- Administrative expenses							(89)
- Reversal of impairment losses of financial assets (expected credit losses)							9
- Share-based payment expenses							(3)
- Share of results of associates							(131)
- Share of results of joint ventures							(78)
- Finance costs							(101)
Loss before taxation							<u>(213)</u>

(c) Geographical information

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

	Revenue		Non-current assets <i>(note)</i>	
	For the year ended 31 March		As at 31 March	
	2024	2023	2024	2023
	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>
Hong Kong	174	256	409	432
UK	54	55	1,473	1,540
The People's Republic of China (the "PRC")	-	-	-	5
Macau	-	1	-	-
Malaysia	-	-	326	352
Cambodia	-	-	798	1,127
	<u>228</u>	<u>312</u>	<u>3,006</u>	<u>3,456</u>

(d) Information about major customers

There is no external customer which contributed over 10% of the total revenue of the Group for the year ended 31 March 2024 and 2023.

(e) **Disaggregated revenue by segments**

For the year ended 31 March 2024

	Segments					Total <i>HK\$'million</i>
	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>	
Sale of construction machinery and spare parts	21	-	-	-	-	21
Repair and maintenance and transportation service income	-	6	-	-	-	6
Commission income generated from asset management, securities brokerage and other financial services	-	-	-	1	-	1
Rental of construction machinery	136	-	-	-	-	136
Leasing of investment properties	-	-	-	-	54	54
Interest income from money lending	-	-	4	-	-	4
Interest income from margin financing	-	-	-	6	-	6
	<u>157</u>	<u>6</u>	<u>4</u>	<u>7</u>	<u>54</u>	<u>228</u>
Timing of revenue recognition						
At a point in time	21	-	-	1	-	22
Over time	<u>136</u>	<u>6</u>	<u>4</u>	<u>6</u>	<u>54</u>	<u>206</u>
Total	<u>157</u>	<u>6</u>	<u>4</u>	<u>7</u>	<u>54</u>	<u>228</u>

For the year ended 31 March 2023

	Segments					Total HK\$'million
	Rental and sale of construction machinery and spare parts HK\$'million	Provision of repair and maintenance and transportation service HK\$'million	Money lending HK\$'million	Provision of asset management, securities brokerage and other financial services HK\$'million	Property leasing HK\$'million	
Sale of construction machinery and spare parts	65	–	–	–	–	65
Repair and maintenance and transportation service income	–	8	–	–	–	8
Commission income generated from asset management, securities brokerage and other financial services	–	–	–	6	–	6
Rental of construction machinery	160	–	–	–	–	160
Leasing of investment properties	–	–	–	–	55	55
Interest income from money lending	–	–	14	–	–	14
Interest income from margin financing	–	–	–	4	–	4
	<u>225</u>	<u>8</u>	<u>14</u>	<u>10</u>	<u>55</u>	<u>312</u>
Timing of revenue recognition						
At a point in time	65	–	–	6	–	71
Over time	160	8	14	4	55	241
Total	<u>225</u>	<u>8</u>	<u>14</u>	<u>10</u>	<u>55</u>	<u>312</u>

4. LOSS BEFORE TAXATION

This is stated at after charging/(crediting) the following:

	2024 <i>HK\$'million</i>	2023 <i>HK\$'million</i>
Auditor's remuneration	2	2
Cost of inventories sold (included in cost of revenue)	20	58
Depreciation of property, plant and equipment	37	40
Depreciation of right-of-use assets	13	12
	<hr/>	<hr/>
Total depreciation	50	52
Less: depreciation of property, plant and equipment included in cost of revenue	(29)	(32)
	<hr/>	<hr/>
	21	20
	<hr/>	<hr/>
Direct operating expenses from investment properties	39	36
Gain on disposal of items of property, plant and equipment	–	(6)
	<hr/>	<hr/>
Staff costs (including director's remuneration):		
– Salaries, bonuses and allowances	84	90
– Retirement benefit scheme contributions	2	2
– Share based payments	–	3
	<hr/>	<hr/>
Total staff costs	86	95
	<hr/>	<hr/>
Less: staff costs included in cost of revenue	(39)	(42)
	<hr/>	<hr/>
	47	53
	<hr/>	<hr/>

5. INCOME TAX CREDIT

	2024 <i>HK\$'million</i>	2023 <i>HK\$'million</i>
Current income tax		
– Current year		
– Hong Kong	4	9
– UK	3	–
– Over-provision in prior years	–	(4)
	<hr/>	<hr/>
	7	5
	<hr/>	<hr/>
Deferred tax		
– Current year	(21)	(10)
	<hr/>	<hr/>
	(14)	(5)
	<hr/>	<hr/>

6. DIVIDENDS

No dividend has been paid or declared by the Company during the year ended 31 March 2024 (2023: Nil).

7. LOSS PER SHARE

Basic and diluted

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

	2024	2023
Loss for the year attributable to the owners of the Company <i>(HK\$'million)</i>	(462)	(264)
Weighted average number of ordinary shares in issue <i>(million shares)</i>	<u>7,274</u>	<u>7,318</u>
Basic loss per share <i>(HK cents)</i>	<u><u>(6.35)</u></u>	<u><u>(3.61)</u></u>

8. LOAN RECEIVABLES

	2024 <i>HK\$'million</i>	2023 <i>HK\$'million</i>
Secured fixed-rate loan receivables	88	107
Unsecured fixed-rate loan receivables	150	150
Less: Allowance for expected credit losses	<u>(191)</u>	<u>(112)</u>
	<u><u>47</u></u>	<u><u>145</u></u>

9. TRADE RECEIVABLES

	2024 <i>HK\$'million</i>	2023 <i>HK\$'million</i>
Trade receivables		
Rental income from construction machinery business	48	56
Less: Allowance for expected credit losses of trade receivables from rental income from construction machinery business	<u>(12)</u>	<u>(12)</u>
	<u>36</u>	<u>44</u>
Securities brokerage	150	48
Less: Allowance for expected credit losses of trade receivables from securities brokerage	<u>(1)</u>	<u>(1)</u>
	<u>149</u>	<u>47</u>
Rental income from leasing of investment properties	24	25
Less: Allowance for expected credit losses of trade receivables from rental income from leasing of investment properties	<u>(1)</u>	<u>(1)</u>
	<u>23</u>	<u>24</u>
	<u>208</u>	<u>115</u>

Notes:

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

Trade receivables from cash and margin clients arising from commodities, futures and securities brokerage business are repayable on demand subsequent to settlement date. The margin clients of the securities brokerage business are required to pledge their investments to the Group for credit facilities for commodities, futures and securities trading.

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

	2024 <i>HK\$'million</i>	2023 <i>HK\$'million</i>
0–30 days	13	12
31–60 days	19	18
61–90 days	1	4
91–180 days	4	11
181–365 days	4	9
Over 365 days	7	2
	48	56

The aging analysis by settlement date of trade receivables from securities brokerage before allowance for expected credit losses is as follows:

	2024 <i>HK\$'million</i>	2023 <i>HK\$'million</i>
0–30 days	11	5
31–60 days	39	2
61–90 days	30	–
91–180 days	2	10
181–365 days	23	1
Over 365 days	45	30
	150	48

10. BANK AND OTHER BORROWINGS

	2024 <i>HK\$'million</i>	2023 <i>HK\$'million</i>
Bank borrowings	682	663
Loans from other financial institutions	978	1,080
	<u>1,660</u>	<u>1,743</u>
Representing:		
Current	1,633	1,702
Non-current	27	41
	<u>1,660</u>	<u>1,743</u>
The borrowings are repayable as follows:		
On demand or within one year	1,633	1,702
Between 1 and 2 years	19	22
Between 2 and 5 years	8	19
	<u>1,660</u>	<u>1,743</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)	<u>(1,633)</u>	<u>(1,702)</u>
Amount due for settlement after 12 months	<u>27</u>	<u>41</u>

Note:

As at 31 March 2023, certain financial covenant on bank borrowings of HK\$500 million were not meet. A financial covenant waiver letter in respect of borrowing of HK\$367 million was received on 20 June 2023. The Board of Directors considers such incident did not have any materiel impact to the financial position and operation of the Group.

During the year ended 31 March 2024, the Group breached certain of the financial covenant terms of two bank borrowings with carrying amounts of HK\$364 million as at 31 March 2024, which are primarily related to the amount of shareholder's equity. On discovery of the breach, the directors of the Company informed the lender and commenced a renegotiation of the financial covenant terms of the loan with the relevant banker. Since the relevant bank borrowings contain a repayment on demand clause, the borrowings have been classified as current liabilities as at 31 March 2024.

Up to the date of approval for issuance of the consolidated financial statements, the negotiations are still in progress. The directors of the Company are confident that their negotiations with the lender will ultimately reach a successful conclusion. In any event, should the lender call for immediate repayment of the loan, the directors of the Company believe that adequate alternative sources of finance are available to ensure that there is no threat to the continuing operations of the Group.

11. TRADE PAYABLES

The aging analysis of trade payables, based on the date of receipt of goods, is as follows:

	2024 <i>HK\$'million</i>	2023 <i>HK\$'million</i>
Within 30 days	2	2
31 to 60 days	2	2
61 to 180 days	1	7
181 to 360 days	–	2
Over 360 days	1	–
	<u>6</u>	<u>13</u>

12. SHARE CAPITAL

	Number of shares <i>('million)</i>	<i>HK\$'million</i>
Ordinary shares of HK\$0.01 each		
Authorised:		
As at 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	<u>50,000</u>	<u>500</u>
Issued and fully paid:		
As at 1 April 2022	7,387	74
Cancellation of shares	<u>(5)</u>	<u>(1)</u>
As at 31 March 2023 and 1 April 2023	<u>7,382</u>	<u>73</u>
As at 31 March 2024	<u>7,382</u>	<u>73</u>

13. EVENTS AFTER THE REPORTING PERIOD

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

2023 was another challenging year as major economies gradually resumed economic activities among the post-pandemic era, the global economy was still affected by the Russia-Ukraine War, heightened geo-political tension, military occupation, high global inflation and interest rate. The global and Hong Kong economy remained vulnerable as economic recovery was uneven in different sectors. The Group remained resilient and focused on its existing businesses.

During the Year, the Group continued to pursue a long-term business strategy of diversifying into financial services business, property leasing business, 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 171 units of construction machinery in the rental fleet during the Year. 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 at regular intervals. The Group may reschedule such expansion plan according to the operation and needs, the preference of the target customers and the 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 provides a wide range of financial services. 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”).

The revenue of the financial services business (including provision of asset management, securities brokerage and other financial services) for the Year was approximately HK\$7 million (2023: approximately HK\$10 million), represented approximately 3% (2023: approximately 3%) of the total revenue of the Group and a segment profit of approximately HK\$5 million (2023: approximately HK\$15 million). The decrease in revenue was mainly due to decrease in the value and volume of transactions in securities brokerage.

In the course of preparing the financial statements for the Year, the Company had reviewed the recoverable amount of the trading right of the business carrying on the regulated activities of Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) as defined under the SFO. During the Year, no impairment loss (2023: nil) on the trading right was recognised.

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 subsidiaries, which grant loans to individuals and enterprises. The Group strived to adhere to a set of comprehensive policies and procedural manuals 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 31 March 2024, the Group had loans receivable with carrying amount of approximately HK\$47 million (2023: HK\$145 million). A total of approximately HK\$5 million of the loan receivables and interest income receivables was received from borrowers during the Year. The Group recorded interest income from loans receivable of approximately HK\$4 million for the Year (2023: HK\$14 million). During the Year, the Group did not grant any new loan (2023: two).

As at 31 March 2024, there were a total number of 12 borrowers (comprising 10 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 to it by sales executives. The money lending business was funded by the internal resources of the Group.

As at 31 March 2024, 12 loans with aggregate amount of approximately HK\$47 million were overdue, 10 loans were supported by personal guarantee and/or secured by collaterals, with interest rate ranging from 8% to 16% per annum. A total of 11 cases with aggregate amount of approximately HK\$31 million were under legal proceedings (including assets under public auctions).

As at 31 March 2024, the carrying amount outstanding from the five largest borrowers of the Group was HK\$45 million (representing 96% to the total loans receivable of the Group) while the carrying amount outstanding from the largest borrower amounted to HK\$20 million (representing approximately 43% 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) searching 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 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. 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 in case-by-case basis and the Company generally looks at the 5 Cs in assessment of credit risk of borrowers, i.e. credit history, capacity to repay,

capital, the loan's condition and associated collaterals. These include 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 collaterals or security to be made available by these borrowers, and their repayment track records (if the loan is sought by existing borrowers or former 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/collaterals for granting of each loan, whether to an individual or enterprise, on a case by case basis 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 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 reviewed 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 in details 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 designated loan officer to closely monitor its loan portfolio, including regular communication with the borrowers on their financial position together with other measures such as monthly assessment of valuation of collaterals (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. Further, 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 the end of each month, the designated loan officer will check if there is any overdue balances or late payment and risk management department as described above 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 potential means like phone calls, seizure of collaterals, statutory demand letter and further legal actions would be discussed. Reminder letter and statutory demand 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 collaterals 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 extensive experiences and knowledge in the industry. The risk management department has a senior financial manager 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' experiences 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 possesses over 10 years of experiences in the corporate and banking industry and the field of accounting and auditing. Further, most of the Board members also possess extensive experiences 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 comply with all relevant laws and regulations. The Company has complied with those 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 31 March 2024.

In addition to the Listing Rules, the Money Lenders Ordinance constituted a major governance on our Group's money lending business in Hong Kong. During the Year, we did not receive any objection from and was not investigated by the Registrar of Money Lenders (currently 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

	31 March 2024 HK\$'million	31 March 2023 HK\$'million
Hong Kong money lending business		
– Secured only by corporate notes, shares and properties	30	23
– Secured only by personal guarantees	–	30
– Secured only by corporate notes, receivable and properties and personal guarantees	17	32
– Unsecured and no guarantee	–	27
	<u>47</u>	<u>112</u>

(g) Maturity profile of loan receivables

	31 March 2024 HK\$'million	31 March 2023 HK\$'million
Hong Kong money lending business		
Due within 1 year	<u>47</u>	<u>112</u>
	<u>47</u>	<u>112</u>

(h) Mortgage loan and personal loan interest rate

The mortgage loan interest rate ranges from 8% to 15% per annum (2023: 8% to 15% per annum). The personal loan interest rate ranges from 11% to 16% per annum (2023: 11% to 16% per annum).

(i) Reasons for the movements in impairment provisions in the year

The provision of impairment recognised in the consolidated statement of profit and loss for year ended 31 March 2024 are HK\$88 million (2023: reversal of impairment of approximately HK\$22 million). The provision of impairment was due to loan of approximately HK\$238 million being overdue.

The Company adopted the requirements in respect of ECL 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 consolidated financial statements of the Group in the Annual Report. 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 impact on 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 past due.

As at 31 March 2024, 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, 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 condition of Hong Kong would be considered. The rate of loans receivable ECL ranged from 34% to 100% depending on the nature (2023: 3% to 61%), 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\$242 million was recorded during the Year (2023: fair value loss of approximately HK\$82 million).

Property leasing business

During the Year, the rental income derived from 55 Mark Lane contributed revenue of approximately HK\$54 million (2023: approximately HK\$55 million) and the fair value loss on investment property was approximately HK\$89 million (2023: fair value loss of approximately HK\$19 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 Year.

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 with a site area of 267,500 square meters (or 2,879,343 square feet). The property is held from the government 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 Year.

FINANCIAL REVIEW

The Group had incurred a loss of approximately HK\$809 million for the Year (2023: approximately HK\$208 million). Such loss was mainly attributable to the net fair value losses in financial assets at fair value through profit or loss of approximately HK\$242 million (2023: approximately HK\$82 million) and share of losses of associates at approximately HK\$325 million (2023: approximately HK\$131 million).

Revenue

During the Year, the total revenue was approximately HK\$228 million (2023: approximately HK\$312 million), representing a decrease by approximately HK\$84 million, or approximately 27%. Such decrease was mainly attributable to the decrease in revenue generated from sales of construction machinery and spare parts and rental income of construction machinery.

Sales of construction machinery and spare parts, rental income from construction machinery and repair and maintenance and transportation service income

During the Year, the sales of construction machinery and spare parts, rental income generated from construction machinery and repair and maintenance and transportation service income were approximately HK\$21 million (2023: approximately HK\$65 million), approximately HK\$136 million (2023: approximately HK\$160 million) and approximately HK\$6 million (2023: approximately HK\$8 million), respectively. The decrease in revenue for sales of construction machinery and spare parts was mainly attributable to the decrease in the demand of brand new cranes manufactured in Japan. The decrease in rental income was mainly attributable to the decline in occupancy rate of 85% (2023: 90%) as some major construction sites (e.g. Hong Kong International Airport 3rd runway and Tseung Kwan O – Lam Tin Tunnel) have been completed.

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

During the Year, the revenue from money lending, asset management, securities brokerage, and other financial services decreased by HK\$7 million, or 38%. Such decrease was mainly attributable to the decrease in loan receivable business.

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 Year are set out as follows:

Name/(Stock Code)	(Notes)	Number of shares held at 31 March 2023	Percentage of shareholdings at 31 March 2023	Number of shares held at 31 March 2024	Percentage of shareholdings at 31 March 2024	Fair value at 31 March 2023 HK\$'million	Fair value at 31 March 2024 HK\$'million	Fair value (losses)/gains for the Year HK\$'million	Percentage of total assets of the Group at 31 March 2024
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%	-	-	141	-	(112)	-
Carnival Group International Limited (996)		3,624,400	0.38%	3,624,400	0.38%	-	-	-	-
Imperial Pacific International Holdings Limited (1076)	3	203,100,000	1.91%	203,100,000	1.91%	13	13	-	0.27%
Far East Holdings International Limited (36)		4,983,000	0.46%	4,983,000	0.46%	1	-	-	-
Beijing Properties (Holdings) Limited (925)		8,140,000	0.12%	8,140,000	0.12%	1	-	-	-
Virtual Mind Holding Company Limited (1520)	4	283,994,000	14.24%	283,994,000	13.11%	59	36	(23)	0.75%
Bank of Qingdao Company Limited (3866)	5	13,108,000	0.23%	-	-	33	-	(8)	-
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%	-	-	19	-	(1)	-
IBO Technology Company Limited (2708)		1,120,000	0.17%	1,120,000	0.16%	2	-	(2)	-
Minerva Group Holding Limited (formerly Power Financial Group Limited) (397)		8,000,000	0.29%	8,000,000	0.32%	1	1	-	0.02%
HG Semiconductor Limited (6908)		1,500,000	0.26%	1,500,000	0.2%	3	1	(2)	0.02%
Asia Energy Logistics Group Limited (351)	8	30,650,000	1.53%	30,650,000	1.53%	7	8	1	0.17%
China Dili Group (1387)		80,000	0.00%	80,000	0.00%	-	-	-	-
Zhixin Group Holding Limited (2187)		-	-	15,186,000	2.03%	-	15	(35)	0.31%
VNET Group Inc (NASDAQ: VNET)		-	-	330,000	0.22%	-	4	(4)	0.08%
HT Riverwood Multi-Growth Fund	11	N/A	N/A	N/A	N/A	25	-	-	-
Atlantis China Fund	12	N/A	N/A	N/A	N/A	15	-	(2)	-
Riverwood Fortune Fund		N/A	N/A	N/A	N/A	7	-	(7)	-
Tisé Equity SP-1	13	N/A	N/A	N/A	N/A	29	-	(29)	-
Finance Lease Investment SP		N/A	N/A	N/A	N/A	31	33	2	0.70%
Unlisted debt instrument		N/A	N/A	N/A	N/A	15	-	(15)	-
Convertible note receivable		N/A	N/A	N/A	N/A	3	4	1	0.08%
						415	119	(242)	2.48%

Notes:

1. The percentage of shareholdings is calculated with reference to the monthly return of equity issuer on movements in securities for the month ended 31 March 2024 of the issuers publicly available on the website of the Stock Exchange.
2. Alliance International Education Leasing Holdings Limited (“**Alliance International**”), and its subsidiaries (“**Alliance International Group**”) were principally engaged in offering finance and operating lease service and private higher education services.

The Group did not hold any shares of Alliance International as at 31 March 2024 (2023: 28,091,336 shares).

3. Imperial Pacific International Holdings Limited (“**Imperial Pacific**”) and its subsidiaries (“**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 interim report for the 6 months ended 30 June 2022, Imperial Pacific Group recorded revenue of nil and total comprehensive loss of approximately HK\$503 million.

The Group held approximately 203 million shares of Imperial Pacific as at 31 March 2023 and 2024.

4. Virtual Mind Holdings Company Limited (“**Virtual Mind**”) and its subsidiaries (“**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.

The Group held approximately 284 million and nil shares of Virtual Mind as at 31 March 2023 and 2024 respectively.

5. Bank of Qingdao Company Limited (“**Bank of Qingdao**”) and its subsidiaries (“**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.

The Group had approximately 13.1 million and nil shares of Bank of Qingdao as at 31 March 2023 and 2024 respectively.

6. Wealththink AI-Innovation Capital Limited (formerly Wealthking Investments Limited) (“**Wealththink**”) and its subsidiaries (“**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 the results announcement of Wealththink Group for the year ended 31 March 2023, Wealthking Group recorded revenue of approximately HK\$192 million and total comprehensive income of approximately HK\$27 million.

The Group had approximately 29,880,000 shares of Wealthking as at 31 March 2023 and 2024.

7. Grand Ocean Advances Resources Company Limited (“**Grand Ocean**”) and its subsidiaries (“**Grand Ocean Group**”) has a principal activities of production and sale of coal and minerals.

The Group had approximately 60 million and nil shares of Grand Ocean as at 31 March 2023 and 2024 respectively.
8. Asia Energy Logistics Group Limited (“**Asia Energy**”) and its subsidiaries (“**Asia Energy Group**”) has a principal activities of shipping and logistics and telecommunication related business.

Pursuant to the annual report of Asia Energy Group for the year ended 31 December 2023, Asia Energy Group recorded revenue of approximately HK\$143 million and total comprehensive Income of approximately HK\$11 million.

The Group had approximately 31 million shares of Asia Energy as at 31 March 2023 and 2024.
9. Zhixin Group Holding Limited (“**Zhixin**”) and its subsidiaries (“**Zhixin Group**”) was principally engaged in the manufacturing and sale of ready mixed concrete and precast concrete components in the People’s Republic of China.

Pursuant to the annual report of Zhixin for the year ended 31 December 2023, Zhixin recorded revenue of approximately RMB512 million and total comprehensive income of approximately RMB10 million.

The Group had nil and approximately 12.8 million shares of Zhixin as at 31 March 2023 and 2024 respectively.
10. VNET Group Inc. (“**VNET**”) and its subsidiaries (“**VNET Group**”) was principally engaged in the business of data center and related services service in the People’s Republic of China.

Pursuant to the annual report of VNET for the year ended 31 December 2023, VNET recorded revenue of approximately RMB7,412 million and total comprehensive loss of approximately RMB2,669 million.

The Group had nil and approximately 0.33 million shares of VNET as at 31 March 2023 and 2024 respectively.
11. HT Riverwood Multi-Growth Fund (formerly known as Riverwood MultiGrowth Fund) (“**Riverwood Fund**”) mainly invests in listed equities of companies located in the Greater China Region (which includes Mainland China, Hong Kong, Macau and Taiwan) or deriving income and/or assets from the Greater China Region. Riverwood Fund may invest in Exchange-Traded Funds (ETFs), U.S. Treasury securities and derivative products.
12. Atlantis China Fund (“**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.
13. 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\$242 million was recorded during the Year (2023: fair value loss of approximately HK\$82 million).

During the Year, in relation to fair value loss in FVTPL of approximately HK\$242 million, a total of HK\$29 million was related to investment in Tisé Opportunities SPC.

Impairment losses intangible assets

Based on the impairment testing on intangible assets, no impairment loss (2023: reversal of impairment loss of HK\$13 million) has been recognised in profit or loss for the Year.

Fair value loss on investment properties

During the Year, a fair value loss of approximately HK\$89 million (2023: loss of approximately HK\$19 million) was recognised for property investment of the Group.

Provision for expected credit losses on financial assets

During the Year, the Group recognised provision for expected credit losses on financial assets of approximately HK\$74 million (2023: reversal of provision at approximately HK\$35 million). The reversal of provision was mainly attributable to the overdue of 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 Year, the administrative expenses were approximately HK\$124 million (2023: approximately HK\$123 million), representing an increase of approximately 1% as compared with the year ended 31 March 2023 (the “**Previous Year**”). Among the administrative expenses incurred during the Year, approximately HK\$18 million (2023: approximately HK\$16 million) was related to depreciation and non-cash in nature; while the remaining expenses of approximately HK\$49 million (2023: approximately HK\$51 million) were mainly related to staff costs.

Share of results of associates

During the Year, the share of losses of associates of approximately HK\$325 million (2023: approximately HK\$131 million) was mainly attributable to the sharing of loss of our investment in Cambodia, where it reflected the change in fair value of land held by the project company in Cambodia.

Share-based payment expenses

No share based payment for share awards and emolument shares is granted in the year (2023: approximately HK\$3 million).

Finance costs

During the Year, the finance costs were approximately HK\$141 million (2023: approximately HK\$129 million), representing an increase of approximately HK\$12 million as compared with the Previous Year.

Taxation

During the Year, the net income tax credit was approximately HK\$14 million (2023: income tax credit of approximately HK\$5 million).

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 Year are set out below:

Name	Note	Percentage of shareholdings at 31 March 2023	Percentage of shareholdings at 31 March 2024	Fair value at 31 March 2023 HK\$'million	Fair value at 31 March 2024 HK\$'million	Fair value loss for the Year HK\$'million	Percentage of total assets of the Group at 31 March 2024
Goodwill International (Holdings) Limited	1	7.54%	7.54%	3	3	-	0.06%
Co-Lead Holdings Limited	2	1.04%	1.04%	15	13	(2)	0.27%
Quan Yu Tai Investment Company Limited	3	15%	15%	287	70	(217)	1.44%
Oshidori International Holdings Limited (622)	4	1.27%	1.27%	20	15	(5)	0.31%
China Pearl Global Limited	5	10.00%	10.00%	425	301	(124)	6.33%
Tonsin Petrochemical Investment Ltd	6	16.67%	16.67%	41	36	(5)	0.73%
Empire Victory Hong Kong Limited	7	4.10%	4.10%	10	9	(1)	0.19%
				801	447	(354)	9.33%

Notes:

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

4. Oshidori International Holdings Limited (“**Oshidori**”) principally engages in investment holdings, tactical and/or strategic investment, and the provisions of (i) securities brokerage services, (ii) margin financing services, (iii) placing and underwriting services, (iv) corporate finance advisory services, (iv) investment advisory and asset management services, and provision of credit and lending services. Pursuant to the annual report of Oshidori for the year ended 31 December 2022, Oshidori recorded revenue of approximately HK\$109 million and total comprehensive loss of approximately HK\$483 million.

The Group held 77,500,000 shares of Oshidori as at 31 March 2023 and 2024.

5. China Pearl Global Limited (“**CPG**”), through its wholly-owned subsidiary, holds 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 parks, and it leases out the complex to lessees and provides property management services to the shopping mall.
6. Tonsin Petrochemical Investment Limited principally engages in the development of EcoPark in South-East Asia which focuses on waste management and recycling industry with advanced technologies and value-add processes.
7. Empire Victory Hong Kong Limited principally engages in the provision of trading in petroleum and aluminum products.

Liquidity, financial resources and capital structure

As at 31 March 2024, the Group’s current assets and current liabilities were approximately HK\$1,265 million (31 March 2023: approximately HK\$1,945 million) and HK\$2,214 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 obtaining 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 31 March 2024 and 31 March 2023 was as follows:

	31 March 2024 <i>HK\$'million</i> (audited)	31 March 2023 <i>HK\$'million</i> (audited)
Bank and other borrowings	1,660	1,743
Corporate note payables		
– at amortised cost	520	572
– at FVTPL	539	578
	<hr/>	<hr/>
Total borrowings	2,719	2,893
Less: cash and cash equivalents	(350)	(187)
pledged bank deposits	(15)	(30)
	<hr/>	<hr/>
Net debts	2,354	2,676
Total equity	1,813	2,575
	<hr/>	<hr/>
Total capital	4,167	5,251
	<hr/>	<hr/>
Gearing ratio	56%	51%
	<hr/> <hr/>	<hr/> <hr/>

As at 31 March 2024, the maturity and currency profile for the Group's bank and other borrowings and corporate note payables are set out as follows:

	Within 1 year <i>HK\$'million</i>	2nd year <i>HK\$'million</i>	3–5 years <i>HK\$'million</i>	Total <i>HK\$'million</i>
GBP	827	–	–	827
US\$	117	–	–	117
HK\$	831	395	10	1,236
	<u>1,775</u>	<u>395</u>	<u>10</u>	<u>2,180</u>

As at 31 March 2024, approximately 97% 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\$988 million were carried at fixed interest rates, and approximately HK\$672 million were carried at floating interest rates.

As at 31 March 2024, cash and cash equivalents and pledged bank deposits were denominated in the following currencies:

	<i>HK\$'million</i>
HK\$	236
GBP	89
RMB	24
US\$	6
JPY	9
EUR	1
	<u>365</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, and 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 Year. 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

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

Contingent liabilities

As at 31 March 2024 and 2023, the Group had no material contingent liabilities.

Employees and remuneration policy

As at 31 March 2024, the Group had 151 staffs (31 March 2023: 155). 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.

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend to the shareholders of the Company for the Year (2023: nil).

MATERIAL ACQUISITIONS AND DISPOSALS DURING THE YEAR

On 27 July 2023, the Group entered into a sale and purchase agreement with Yitai Share (Hongkong) Co., Ltd.* (“**Yitai HK**”), a wholly-owned subsidiary of Inner Mongolia Yitai Coal Co., Ltd. (內蒙古伊泰煤炭股份有限公司) (“**Yitai**”), pursuant to which the Group agreed to sell, and Yitai HK agreed to acquire, 1,400,088,000 shares in the share capital of Hao Tian International Construction Investment Group Limited (“**Hao Tian International Construction Investment**”) (representing approximately 18.37% of the entire issued share capital), an indirect non-wholly-owned subsidiary of the Company. The sale and purchase was completed on 17 October 2023.

Save as disclosed above, the Group had not made any other material acquisition or disposal of subsidiaries and associates during the Year.

BUSINESS PROSPECTS

The Year 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 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 opportunities in projects related to natural resources around the world.

The strategic investor, Yitai, has become a shareholder which held 18.37% of the issued share capital of Hao Tian International Construction Investment since 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.

* *For identification purposes only*

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 All-China 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 include coal production and operation (which directly owns and controls 10 coal mines with resources reserve at 4,336 million tonnes and minable reserve at 2,126 million tonnes), rail transportation operations (controls 3 operating railway line for the coal mines), coal-related chemical operations and other operations.

According to the 2023 annual report of Yitai, it recorded audited revenue of approximately RMB53 billion and net profit attributable to owners of approximately RMB7.7 billion for the year ended 31 December 2023 and it recorded net assets of approximately RMB46.4 billion and total assets of approximately RMB85.4 billion as at 31 December 2023. The annual production of commodity coal of Yitai was approximately 51.7 million tonnes and sold 67.8 million tonnes of coals during 2023.

Looking forward, the Group will remain cautious and sensibly uphold its risk management policies, strengthen 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 and gradually phasing out the money lending business 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 PRACTICES

The Company is committed to maintaining sound and well-established corporate governance practices and procedures that are consistent with the Corporate Governance Code (the “**CG Code**”) set out in Appendix C1 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 throughout the Year, save and except Code Provisions C.2.1. 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.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules as its own code of conduct for Directors' securities transactions. The Company has made specific enquiry to all Directors and all Directors confirmed that they have fully complied with the Model Code for the Year.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Year.

AUDIT COMMITTEE

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

SCOPE OF WORK OF MOORE CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in this announcement have been agreed by the Group's auditor, Moore CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Moore CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Moore CPA Limited on the preliminary announcement.

PUBLICATION OF THIS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Company (www.acesogrouphk.com) and the Stock Exchange (www.hkex.com.hk). The 2023/24 annual report of the Company containing all information required by the Listing Rules will be despatched to shareholders of the Company and available on the same websites in due course.

APPRECIATION

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

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

Hong Kong, 26 June 2024

As at the date of this announcement, the Board comprises two executive Directors, namely Dr. Zhiliang Ou, J.P. (Australia) and Mr. Fok Chi Tak; and three independent non-executive Directors, namely Mr. Chan Ming Sun Jonathan, Mr. Lam Kwan Sing and Mr. Mak Yiu Tong.