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If you have sold or transferred all your shares in Aceso Life Science Group Limited, you should at once hand this circular to the purchaser or the transferee, or to the bank, licensed securities dealer, registered dealer in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.



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)

MAJOR TRANSACTION

**DISPOSAL OF SHAREHOLDING INTEREST
IN A SUBSIDIARY**

Financial Adviser to the Company



Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” of this circular.

A letter from the Board is set out on pages 1 to 9 of this circular

The Company has obtained an irrevocable and unconditional written approval for the Disposal and the Agreement from a closely allied group of Shareholders holding more than 50% of the issued share capital of the Company. Accordingly, no general meeting of Shareholders will be convened to approve the Disposal and the Agreement pursuant to Rule 14.44 of the Listing Rules.

This circular is despatched to the Shareholders for information only.

17 August 2023

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DEFINITIONS

In this circular, unless the context otherwise requires, the following words and expressions have the following meanings:

“Agreement”	the sale and purchase agreement dated 27 July 2023 entered into between the Vendor and the Purchaser in respect of the Disposal;
“Announcement”	the joint announcement made by the Company and HTICI dated 27 July 2023 in relation to the Disposal;
“Board”	the board of directors of the Company;
“Business Day(s)”	a day, other than a Saturday or Sunday or public holiday in Hong Kong, on which the commercial banks are open for general business;
“Company”	Aceso Life Science Group Limited (信銘生命科技集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 474), which is an indirect controlling shareholder of HTICI;
“Completion”	the completion of the Disposal in accordance with the terms and conditions of the Agreement;
“Director(s)”	the director(s) of the Company;
“Disposal”	the disposal of the Sale Shares by the Vendor to the Purchaser pursuant to the terms and conditions of the Agreement;
“FY2023”	the financial year ended 31 March 2023;
“Group”	the Company and its subsidiaries, including but not limited to HTICI;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;

DEFINITIONS

“HTICI”	Hao Tian International Construction Investment Group Limited (昊天國際建設投資集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1341);
“Independent Third Party”	third parties independent of the Group and its connected persons;
“Last Trading Day”	27 July 2023, being the last trading day of the shares of HTICI on the Stock Exchange prior to the entering into of the Agreement;
“Latest Practicable Date”	16 August 2023, being the latest practical date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, which for the purpose of this announcement only excludes Hong Kong, Macau and Taiwan;
“Purchaser”	Yitai Share (Hongkong) Co., Limited (伊泰(股份)香港有限公司), a company incorporated in Hong Kong with limited liability;
“Relevant Shareholders”	Asia Link Capital Investment Holdings Limited, Team Success Venture Holdings Limited, TRXY Development (HK) Limited and Ms. Li Shao Yu;
“Sale Shares”	1,400,088,000 shares in the share capital of HTICI, representing approximately 18.37% of the entire issued share capital of HTICI as at the Latest Practicable Date;
“Share(s)”	shares(s) of the Company of par value of HK\$0.01 each;
“Shareholder(s)”	the holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Total Consideration”	HK\$420,026,400, representing HK\$0.3 per Sale Share, being the consideration in respect of the Sale Shares payable by the Purchaser to the Vendor under the Agreement;

DEFINITIONS

“Vendor”	Hao Tian Management (China) Limited (昊天管理(中國)有限公司), a company incorporated in Hong Kong with limited liability, and a wholly-owned subsidiary of the Company;
“Yitai Coal”	內蒙古伊泰煤炭股份有限公司 (Inner Mongolia Yitai Coal Co., Ltd.)*, a joint stock company incorporated in the PRC with limited liability, whose H shares were listed on the Main Board of the Stock Exchange which were subsequently withdrawn from listing on 11 August 2023 (stock code before withdrawal of listing: 3948) and whose B shares are listed on the Shanghai Stock Exchange (stock code: 900948); and
“%”	per cent.

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

* For identification purposes only

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Xu Haiying

Dr. Zhiliang Ou, *J.P. (Australia)*

Mr. Fok Chi Tak

Independent non-executive Directors:

Mr. Chan Ming Sun Jonathan

Mr. Lam Kwan Sing

Mr. Mak Yiu Tong

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Head office and principal place of
business in Hong Kong:*

Rooms 2501-2509, 25/F

Shui On Centre

6-8 Harbour Road, Wanchai

Hong Kong

17 August 2023

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION DISPOSAL OF SHAREHOLDING INTEREST IN A SUBSIDIARY

INTRODUCTION

Reference is made to the Announcement dated 27 July 2023.

The purpose of this circular is to provide you with, among other things, further details of the Disposal, the Agreement and other information as required under the Listing Rules.

LETTER FROM THE BOARD

THE AGREEMENT

The Board is pleased to announce that on 27 July 2023 (after trading hours), the Vendor and the Purchaser entered into the Agreement, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to acquire, the Sale Shares (representing approximately 18.37% of the entire issued share capital of HTICI) in accordance with the terms and conditions of the Agreement.

Details of the Agreement are set out below:

Date

27 July 2023 (after trading hours)

Parties

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

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

Subject matter

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

Consideration

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

The consideration of HK\$0.3 per Sale Share represents:

- (a) a discount of approximately 31.03% to the closing price of the Shares of HK\$0.435 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 22.88% to the average price of approximately HK\$0.389 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the ten (10) consecutive trading days immediately prior to the Last Trading Day; and

LETTER FROM THE BOARD

- (c) a discount of approximately 14.89% to the average price of approximately HK\$0.3525 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the thirty (30) consecutive trading days immediately prior to the Last Trading Day.

Basis of the Consideration

The Total Consideration was determined after arm's length negotiations between the Vendor and the Purchaser having considered and with reference to (i) the net assets of HTICI of approximately HK\$0.246 per share of HTICI as at 31 March 2023 based on the audited annual results of HTICI for FY2023; (ii) the historical financial performance of HTICI; (iii) the trading multiples of comparable companies listed on the Stock Exchange that are principally engaged in the rental and sales of construction machinery industry from which HTICI derived over 50% of its consolidated revenue in FY2023 (the "**Comparable Companies**") represented by the average of the price-to-earnings ("**P/E**") ratios and price-to-book ("**P/B**") ratios of the Comparable Companies of 14.28 times and 0.53 times as at 27 July 2023 respectively as compared to the P/E ratio and P/B ratio of HTICI implied by the Total Consideration of 21.17 times and 1.35 times respectively; (iv) the recent trading prices of the shares of HTICI on the Stock Exchange prior to the entering into of the Agreement, with the average closing price of the shares of HTICI for the thirty (30) consecutive trading days prior to the Last Trading Day being HK\$0.3525 per Share (the "**30-day Average Closing Price**") and the consideration per Sale Share represents a discount of approximately 14.89% to the 30-day Average Closing Price; (v) the financial position of the Group as at 31 March 2023; (vi) the large number of the Sale Shares to be purchased by the Purchaser which represents approximately 18.37% of the total issued shares of HTICI, as compared to the low trading volume of the shares of HTICI on the Stock Exchange during the past six months prior to the entering into of the Agreement where the average daily trading volume of the shares of HTICI in the market for each month from February 2023 to July 2023 (up to 27 July 2023 prior to the entering into of the Agreement) ranged from 0.00261% to 0.26924% of the total issued shares of HTICI; and (vii) the future prospect of HTICI. Having considered the above, the Directors consider that the Total Consideration is fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

Conditions Precedent

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

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

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

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Completion

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

INFORMATION ON THE PARTIES AND HTICI

Information on the Group and the Vendor

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

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

Information on the Purchaser

The Purchaser is a wholly-owned subsidiary of Yitai Coal, a joint stock company incorporated in the PRC with limited liability, whose H shares were listed on the Main Board of the Stock Exchange and were subsequently withdrawn from listing on 11 August 2023 (stock code before withdrawal of listing: 3948) and whose B shares are listed on the Shanghai Stock Exchange (stock code: 900948). According to All-China Federation of Industry and Commerce (中華全國工商業聯合會), Yitai Coal was ranked 188 in the Top 500 Chinese Private Enterprise (中國民企500強) in 2022. Yitai Coal was also ranked 16 in the Top 50 Chinese Coal Enterprise (中國煤炭企業50強) in 2022 according to The China National Coal Association (中國煤炭業協會). Yitai Coal is the largest local coal enterprise in the Inner Mongolia Autonomous Region and one of the large-scale coal enterprises in the PRC. The principal businesses of Yitai Coal include coal production and operation, rail transportation operations, coal-related chemical operations and other operations. The Purchaser is principally engaged in investment holding.

Information on HTICI

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

LETTER FROM THE BOARD

Financial Information of HTICI

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

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

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

Shareholding Structure of HTICI

Assuming there is no other change in the share capital of HTICI, the shareholding structure of HTICI as at the Latest Practicable Date and upon completion of the Agreement is as follows:

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

LETTER FROM THE BOARD

Notes:

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

REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS

The Directors consider that the Disposal represents a good opportunity for the Group to realise its investment in HTICI while retaining interests in HTICI to participate in the future development of HTICI. Through the Disposal, on one hand, the Group will be able to strengthen its cash flow, enhance its working capital position and allow for reallocation of its financial resources for the future development of the Group. On the other hand, the Directors consider that the Disposal represents an opportunity to broaden the shareholder base of HTICI, considering the strong investor profile of Yitai Coal which will in turn boost the investor confidence in the market and may bring in additional resources and investment opportunities to HTICI. It is anticipated that, although Yitai Coal, through its investment through the Purchaser, will not involve in the day-to-day operation and management of HTICI, HTICI could benefit from the extensive business networks of Yitai Coal in the PRC and its profound relationship with banks, financial institutions and/or investment funds in the PRC which could pave the way for HTICI's future access to financial resources required for business expansions and investments of HTICI.

The Group expected to receive gross proceeds of approximately HK\$420 million and net proceeds of approximately HK\$419 million from the Disposal after deducting all costs, expenses and stamp duties. Such proceeds will allow the Group to settle part of its existing liabilities and enable the Group to be well positioned and equipped to identify and capture other investment opportunities. The Group intends to use 80% of the net proceeds for the partial repayment of the Group's (i) bank borrowings as to approximately HK\$174 million and (ii) loans from other financial institutions as to approximately HK\$168 million while 20% of the net proceeds will be used for the working capital of the Group of which (i) approximately HK\$49 million will be used for the payment of the interests due in respect of the corporate notes issued by the Group; (ii) approximately HK\$20 million will be used for the payment of interests due in respect of the bank and other borrowings; and (iii) approximately HK\$15 million will be used for the payment of other administrative expenses of the Group.

LETTER FROM THE BOARD

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

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

FINANCIAL EFFECTS OF THE DISPOSAL

Upon Completion, the Company will be interested in 2,211,613,259 shares of HTICI, representing approximately 29.03% of the total issued share capital of HTICI. As at the date of the Agreement, Ms. Li Shao Yu (“**Ms. Li**”), who is the controlling shareholder of the Company, held 14,104,000 shares in HTICI, representing approximately 0.19% of the total issued share capital of HTICI and Mr. Fok Chi Tak (“**Mr. Fok**”), who is the executive director of the Company, held 60,975,610 shares in HTICI, representing approximately 0.80% of the total issued share capital in HTICI. Therefore, the shareholding interests in HTICI held by Ms. Li and Mr. Fok, who are both associates of the Company, together with the shareholding interests in HTICI held by the Company upon Completion, will be approximately 30.02%. The Group has been able to demonstrate effective control in the board meetings of HTICI as two of the three executive directors of HTICI, namely Mr. Fok and Dr. Zhiliang Ou, *J.P. (Australia)* (“**Dr. Ou**”), are also the Directors who were nominated by the Group to the board of HTICI while the other executive director of HTICI, namely Mr. Tang Yiu Chi James who disposed of his controlling interests in HTICI to the Group in 2017 and remained as an executive director of HTICI since then, voted unanimously with Mr. Fok and Dr. Ou in all resolutions of the board meetings of HTICI. Having considered (i) the voting rights that will be exercisable by the Company and its associates upon Completion relative to the size and dispersion of the holdings of voting rights by other vote holders; (ii) there is no history of other shareholders forming a group to exercise their votes collectively; (iii) the ability of the Company to demonstrate effective control during the board meetings of HTICI with the involvement of directors (namely Mr. Fok and Dr. Ou) and chief executive officer (namely Mr. Fok) of HTICI nominated by the Group; (iv) the capability of the Company and its associates to vote for or against any new director proposed to be elected or re-elected at the general meetings of HTICI and the remoteness of the possibility that other vote holders will be able to form a group to exceed the votes of the Company in HTICI; and (v) the intention of the Group to maintain, and continue to maintain, a majority control of the board of HTICI upon Completion, the Board considers that the Company still has sufficient power to direct relevant activities of HTICI.

LETTER FROM THE BOARD

Accordingly, as agreed with the auditors of the Company, there is control as exercised by the Group on HTICI. HTICI will remain as an indirect non-wholly owned subsidiary of the Company and its financial results, assets, liabilities and cash flows will continue to be consolidated into the Company's consolidated financial statements. As such, the Disposal will be accounted for as an equity transaction and will not result in the recognition of any gain or loss in the Group's consolidated statement of profit or loss and other comprehensive income.

LISTING RULES IMPLICATIONS

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

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

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

The Relevant Shareholders are as follows:

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

LETTER FROM THE BOARD

Notes:

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

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

RECOMMENDATION

The Board considers the terms of the Agreement are on normal commercial terms which are fair and reasonable and the Disposal is in the interests of the Company and its shareholders as a whole. Accordingly, the Directors would recommend the Shareholders to vote in favour of the relevant ordinary resolution regarding the Disposal if the Company were to convene an extraordinary general meeting for the approval of the Disposal.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

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

1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for each of the years ended 31 March 2021, 31 March 2022 and 31 March 2023 are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.acesogrouphk.com):

- Annual report of the Company for the year ended 31 March 2021 published on 22 July 2021 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0722/2021072200739.pdf>)
- Annual report of the Company for the year ended 31 March 2022 published on 28 July 2022 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0728/2022072800721.pdf>)
- Annual report of the Company for the year ended 31 March 2023 published on 26 July 2023 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0726/2023072601157.pdf>)

2. STATEMENT OF INDEBTEDNESS

Indebtedness

As at the close of business on 30 June 2023, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the outstanding principal of indebtedness amounted to approximately HK\$2,845 million, and the details are as follows:

	<i>HK\$'million</i>
Bank borrowings	
Secured and with guarantee	230
Secured and without guarantee	437
Other borrowings	
Secured and without guarantee	1,017
Secured and with guarantee	5
Lease liabilities	
Unsecured and without guarantee	26
Secured notes	
Secured and without guarantee	370
Unsecured and without guarantee	760

Mortgages and charges

As at 30 June 2023, approximately 99% of the Group's borrowings were secured by (i) bank deposits; (ii) property, plant and equipment; (iii) investment properties; (iv) corporate note receivables; and (v) financial assets at fair value through profit or loss.

Contingent liabilities

As at 30 June 2023, the Group had no significant contingent liabilities.

3. WORKING CAPITAL

The Directors, after due and carefully enquiry, are of the opinion that following the completion of the Disposal, after taking into account the financial resources available to the Group, including internally generated funds and the available banking facilities, the Group has sufficient working capital for its present requirements for at least the next 12 months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2023, being the date to which the latest published audited financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS

The Group implements prudent business strategies to establish a diversified business portfolio that can survive the uncertain market conditions while exploring high-quality asset investment opportunities to explore the growth potential of profit and capital value for shareholders and investors of the Company. Looking ahead, 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 the downturn of economy.

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.

For 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.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS**(i) Directors and chief executive of the Company**

Save as disclosed below, as at the Latest Practicable Date, none of the Directors or chief executive of the Company held any interest or short positions in the Shares, underlying Shares or debentures of the Company and any of its associated corporations (within the meaning of part XV of the SFO which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules to be notified to the Company and the Stock Exchange.

Name of Director	Capacity	Number of Shares/underlying Shares held (Long position)	Approximate percentage of total issued share capital (Note)
Fok Chi Tak	Beneficial owner	60,871,152	0.82%
Xu Haiying	Beneficial owner	733,752	0.01%
Zhiliang Ou	Beneficial owner	733,752	0.01%
Chan Ming Sun Jonathan	Beneficial owner	733,752	0.01%
Lam Kwan Sing	Beneficial owner	733,752	0.01%

Note: The percentage of shareholding is calculated on the basis of 7,381,776,805 Shares in issue as at the Latest Practicable Date.

As at the Latest Practicable Date, none of the Directors is a director or employee of a company which has an interest or short position in the Shares and underlying Shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

None of the Directors is an employee or director of any substantial Shareholder of the Company.

(ii) Substantial Shareholders

Save as disclosed below, as at the Latest Practicable Date, so far as it was known to the Directors and chief executive of the Company, no other persons had an interest or a short position in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO, or who (other than a member of the Group was) was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of Shareholder	Capacity/ Nature of interest	Number of Shares/underlying Shares held (Long position)	Approximate percentage of total issued share capital (Note 1)
Li Shao Yu (“ Ms. Li ”) (Note 2)	Interest of controlled corporation	3,742,366,773	50.70%
	Beneficial owner	611,284,342	8.28%
		<u>4,353,651,115</u>	<u>58.98%</u>
Asia Link Capital Investment Holdings Limited (“ Asia Link ”) (Note 2)	Interest of controlled corporation	107,550,000	1.46%
	Beneficial owner	3,357,578,773	45.48%
		<u>3,465,128,773</u>	<u>46.94%</u>

Name of Shareholder	Capacity/ Nature of interest	Number of Shares/underlying Shares held (Long position)	Approximate percentage of total issued share capital (Note1)
Century Golden Resources Investment Co., Ltd (“ Century Golden ”) (Note 3)	Beneficial owner	800,000,000	10.83%
Huang Shiyong (Note 3)	Interest of controlled corporation	800,000,000	10.83%
Huang Tao (Note 3)	Interest of controlled corporation	800,000,000	10.83%
Haitong Securities Co., Ltd. (“ HTSC ”) (Note 4)	Security interest	1,948,333,333	26.39%

Notes:

- (1) The percentage of shareholding is calculated on the basis of 7,381,776,805 Shares in issue as at the Latest Practicable Date.
- (2) Ms. Li is beneficially interested in a total of 4,353,651,115 Shares, among which, (a) 611,284,342 Shares are held by Ms. Li as beneficial owner; (b) 3,634,816,773 Shares are held by (i) Asia Link as to 3,357,578,773 Shares, (ii) Team Success Venture Holdings Limited as to 230,900,000 Shares, (iii) TRXY Development (HK) Limited as to 46,338,000 Shares, all of which are beneficially wholly-owned by Ms. Li; and (c) 107,550,000 Shares are held by Glory Century Limited.
- (3) These Shares are held by Century Golden, whose issued share capital is held by Huang Shiyong and Huang Tao as to 40% and 50% respectively. Therefore, Huang Shiyong and Huang Tao are deemed to be interested in these 800,000,000 Shares held by Century Golden by virtue of Part XV of the SFO.
- (4) Haitong International Financial Products (Singapore) Pte. Ltd (“**HTIFP Singapore**”), an indirect non-wholly owned subsidiary of HTSC, held security interests in 1,948,333,333 Shares and therefore HTSC is deemed or taken to be interested in the security interest in the Shares held by HTIFP Singapore by virtue of Part XV of the SFO.

3. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, (i) none of the Directors had any service contracts with the Company or any of its subsidiaries or associated companies in force which (a) were continuous contracts with a notice period of 12 months or more; or (b) were fixed term contracts with more than 12 months to run irrespective of the notice period; and (ii) none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

5. COMPETING INTERESTS

As at the Latest Practicable Date, so far is known to the Directors, none of the Directors or their close associate(s) was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

6. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS OF THE GROUP

As at the Latest Practicable Date,

- (a) none of the Directors had any direct or indirect interest in any assets which have, since 31 March 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up, been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and
- (b) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which contract or arrangement was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group as a whole.

7. MATERIAL CONTRACTS

The Group has entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the Latest Practicable Date which is or may be material:

- (a) on 11 May 2022, Victory Bright Limited (“**Victory Bright**”), as the vendor, Alcott Global Limited (“**AGL**”), both of which is an indirect non-wholly owned subsidiary of the Company and Glaring Sand Holdings Limited (“**Glaring Sand**”), as the purchaser, entered into a sale and purchase agreement, pursuant to which Victory Bright conditionally agreed to sell, and Glaring Sand conditionally agreed to purchase 15 issued shares of AGL, representing 15% of the entire issued share capital of AGL, at a consideration of US\$20 million, which shall be settled by cash. Completion of the disposal took place on 16 May 2022;

- (b) on 22 June 2022, 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 US\$45 million (equivalent to approximately HK\$355 million);
- (c) on 23 June 2022, Victor Ocean Developments Limited, an indirect non-wholly owned subsidiary of the Company, executed an agreement for the disposal of 49% equity interest in Triple Blessing International Limited, an associate of the Company at a consideration of HK\$44 million;
- (d) on 19 July 2022, Glory Century Limited, an indirect non-wholly owned subsidiary of the Company, received a statement confirming that the redemption of 126,068.186 participating shares in Riverwood Multi-Growth Fund (formerly HT Riverwood Multi-Growth Fund) at the aggregate redemption price of approximately US\$5.8 million (equivalent to approximately HK\$45 million);
- (e) on 28 October 2022, Novel Advice Limited, a direct wholly-owned subsidiary of HTICI and an indirect non-wholly owned subsidiary of the Company, as buyer, and Lui Yim Sheung, as seller, entered into the share transfer agreement for the acquisition of 6,493,110 ordinary shares in China Pearl Global Limited at the total consideration of HK\$255 million, which shall be settled upon completion as to (i) HK\$50 million by cash and (ii) HK\$205 million by the issue of 7.5% notes due 2024 in the aggregate principal amount of HK\$230 million issued by HTICI. Completion of the acquisition took place on 7 November 2022;
- (f) on 28 October 2022, Leading Partner Group Limited, a direct wholly-owned subsidiary of the Company, as buyer, and Lui Yim Sheung, as seller, entered into the share transfer agreement for the acquisition of 4,328,740 ordinary shares in China Pearl Global Limited at the total consideration of HK\$170 million, which shall be settled by the issue of 7.5% notes due 2024 in the aggregate principal amount of HK\$170 million issued by the Company. Completion of the acquisition took place on 7 November 2022;
- (g) on 13 June 2023, True Well Limited, an indirect wholly-owned subsidiary of HTICI and an indirect non-wholly owned subsidiary of the Company, as buyer, executed an order with Shanghai Commercial Bank Limited for the purchase of the 7.5% guaranteed bonds due 2024 at the aggregate principal amount of HK\$249,600,000 at the consideration of HK\$250,848,000. Completion of the bond purchase took place on 15 June 2023;

- (h) on 29 June 2023, True Well Limited, an indirect wholly-owned subsidiary of HTICI and an indirect non-wholly owned subsidiary of the Company, as buyer, executed an order with Shanghai Commercial Bank Limited for the purchase of the 7.5% guaranteed bonds due 2024 in the aggregate principal amount of HK\$101,400,000, at a consideration of HK\$101,907,000. Completion of the bond purchase took place on 3 July 2023; and
- (i) the Agreement.

8. GENERAL

- (a) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company's principal place of business in Hong Kong is Rooms 2501-2509, 25/F, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong.
- (b) The Company's branch share registrar and transfer office in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (c) As at the date of this circular, the Board comprises three executive directors, namely Mr. Xu Haiying, Dr. Zhiliang Ou, *J.P. (Australia)* and Mr. Fok Chi Tak; and three independent non-executive directors, namely Mr. Chan Ming Sun Jonathan, Mr. Lam Kwan Sing and Mr. Mak Yiu Tong.
- (d) The company secretary of the Company is Mr. Siu Chun Pong Raymond, who is a solicitor qualified to practise in Hong Kong and a member of The Law Society of Hong Kong.
- (e) In the event of any inconsistency, the English texts of this circular shall prevail over their respective Chinese texts.

9. DOCUMENTS ON DISPLAY

Copy of the Agreement is published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.acesogrouphk.com>) for a period of fourteen (14) days from the date of this circular.