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**aeso**

**AESO HOLDING LIMITED**

**艾碩控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8341)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019**

The board (the “**Board**”) of directors (the “**Directors**”) of Aeso Holding Limited (the “**Company**”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 September 2019. This announcement, containing the full text of the 2019 Interim Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited (the “**GEM**” and the “**GEM Listing Rules**”, respectively) in relation to information to accompany preliminary announcement of interim results.

For and on behalf of  
**Aeso Holding Limited**  
**Chan Siu Chung**  
*Chairman*

Hong Kong, 14 November 2019

*As at the date of this announcement, the Board comprises Mr. Chan Siu Chung, Mr. Cheung Hiu Tung and Mr. Zhang Hai Wei as Executive Directors, and Mr. Yeung Chun Yue, David, Ms. Lai Wing Sze and Ms. Yu Wan Ki as Independent Non-Executive Directors.*

*This announcement, for which the Directors collectively and individually accept full responsibility, include particulars given in compliance with the GEM 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, (1) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and (2) there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Listed Company Information” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for a minimum period of seven days from the date of the publication and on the website of the Company at [www.aeso.hk](http://www.aeso.hk).*

## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (“STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This report, for which the directors (“**Directors**”) of Aeso Holding Limited (“**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (“**GEM 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 report 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 in this report misleading.*

## FINANCIAL HIGHLIGHTS

For the six months ended 30 September 2019 (the “**Period**”):

- Revenue of the Group was approximately HK\$103.0 million, representing an increase by approximately 90.7% as compared to the corresponding period in 2018.
- Loss attributable to owners of the Company was approximately HK\$5.5 million (2018: loss of approximately HK\$5.3 million).
- The Board of directors do not recommend the payment of dividend for the Period.
- Loss per share of the Company was approximately HK\$2.76 cents (2018: loss per share of approximately HK\$2.63 cents).

The board of Directors (the “**Board**”) of the Company is pleased to announce the unaudited results of the Company and its subsidiaries (collectively the “**Group**”) for the Period, together with the unaudited comparative figures for the corresponding period in 2019, as follows:

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the three months and six months ended 30 September 2019*

	Notes	Three months ended 30 September		Six months ended 30 September	
		2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Revenue	4	52,864	31,899	102,973	53,975
Cost of sales		(45,443)	(28,459)	(93,759)	(48,909)
Gross profit		7,421	3,440	9,214	5,066
Other income	5	12	–	41	–
Administrative expenses		(5,908)	(4,712)	(12,710)	(8,359)
Finance costs	6	(1,081)	(990)	(2,059)	(1,970)
Profit/(loss) before taxation	7	444	(2,262)	(5,514)	(5,263)
Taxation	8	–	–	–	–
Profit/(loss) and total comprehensive income/ (expense) for the period		444	(2,262)	(5,514)	(5,263)
Earnings/(loss) per share, attribute to equity holders of the Company					
Basic and diluted (HK cents)	10	0.22	(1.13)	(2.76)	(2.63)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the six months ended 30 September 2019

	Notes	As at 30 September 2019 HK\$'000 (Unaudited)	As at 31 March 2019 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment		649	1,370
Right-of-use assets		7,190	–
		<b>7,839</b>	1,370
<b>Current assets</b>			
Account and other receivables	11	36,668	15,051
Contract assets		14,652	17,342
Tax recoverable		–	3,432
Pledged bank deposits		28,798	28,798
Bank balances and cash		7,658	9,269
		<b>87,776</b>	73,892
<b>Current liabilities</b>			
Account and other payables	12	22,914	27,223
Advances drawn on account receivables factored with recourse		7,536	–
Contract liabilities		24,250	8,670
Lease liabilities/obligations under finance leases		1,942	181
Other borrowings		36,982	36,982
		<b>93,624</b>	73,056
<b>Net current (liabilities)/assets</b>		<b>(5,848)</b>	836
<b>Total assets less current liabilities</b>		<b>1,991</b>	2,206

	<b>As at 30 September 2019 HK\$'000 (Unaudited)</b>	As at 31 March 2019 HK\$'000 (Audited)
<b>Non-current liabilities</b>		
Lease liabilities/obligations under finance leases	<b>5,400</b>	101
	<b>5,400</b>	101
<b>Net (liabilities)/assets</b>	<b>(3,409)</b>	2,105
<b>Capital and reserves</b>		
Share capital	<b>15,600</b>	15,600
Reserves	<b>(19,009)</b>	(13,495)
<b>Total equity</b>	<b>(3,409)</b>	2,105

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2019

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2019 (audited)	15,600	40,201	1,000	(54,696)	2,105
Loss and total comprehensive expense for the Period	-	-	-	(5,514)	(5,514)
As at 30 September 2019 (unaudited)	15,600	40,201	1,000	(60,210)	(3,409)
At 31 March 2018 (audited)	15,600	40,201	1,000	(39,605)	17,196
Adoption of HKFRS 9 (note)	-	-	-	(2,652)	(2,652)
At 1 April 2018 (audited)	15,600	40,201	1,000	(47,257)	14,544
Loss and total comprehensive expense for the Period	-	-	-	(5,263)	(5,263)
As at 30 September 2018 (unaudited)	15,600	40,201	1,000	(47,520)	9,281

Note: Upon the adoption of HKFRS 9 "Financial Instrument" on 1 April 2018, the impact of HK\$2,652,000 was recorded as an adjustment to the accumulated losses as at 1 April 2018, which represented the allowance for expected credit losses.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2019

	Six months ended 30 September	
	2019 HK\$'000	2018 HK\$'000
Net cash (used in)/generated from operating activities	(7,772)	10,108
Net cash generated from investing activities	774	5,066
Net cash generated from/(used in) financing activities	5,387	(2,057)
Net (decrease)/increase in cash and cash equivalents	(1,611)	13,117
Cash and cash equivalents, at 1 April	9,269	(50)
Cash and cash equivalents, at 30 September	7,658	13,067
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	7,658	13,067



## 1. CORPORATE INFORMATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 10 December 2015. The address of the Company's registered office is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman, KY1-1002, Cayman Islands and its principal place of business is 18th Floor, The Pemberton, 22-26 Bonham Strand, Sheung Wan, Hong Kong.

The Company is an investment holding company. The Company's subsidiaries are principally engaged in the premise enhancement solution service in Hong Kong by providing contracting service for (i) the internal fitting-out of newly built commercial premises and residential developments, and (ii) the renovation work as well as alteration and addition work for existing commercial premises.

The condensed consolidated financial statements have not been audited by the Company's independent auditor, but have been reviewed by the Company's audit committee.

The unaudited interim financial statements of the Group for the six months ended 30 September 2019 are presented in Hong Kong dollars ("**HK\$**"), which is also the functional currency of the Company.

## 2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSS**"), which collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASS**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure requirements under the GEM Listing Rules. The unaudited interim financial statements should be read in conjunction with the annual report for the year ended 31 March 2019.

The accounting policies adopted are consistent with those set out in the annual financial statements for the year ended 31 March 2019. The adoption of the new/revised HKFRSS that are relevant to the Group and effective from the current period had no significant effects on the results and financial position of the Group for the current and prior periods.

## **Going Concern**

In preparing these unaudited interim financial statements, the Directors have considered the future liquidity of the Group notwithstanding that the Group has incurred a net loss of approximately HK\$5.5 million during the six months ended 30 September 2019 and, as of that date, the Group has net current liabilities of approximately HK\$5.8 million and net liabilities of approximately HK\$3.4 million.

The Directors adopted the going concern basis in the preparation of these unaudited interim financial statements and implemented the following measures in order to improve the working capital and liquidity and cash flow position of the Group:

### **1. *Banking facilities***

The Group had obtained banking facilities amounting to HK\$17.0 million in total. All the banking facilities of HK\$17.0 million had not been utilised as at 30 September 2019. The banking facilities would be utilised as the working capital and for financing the ongoing business of the Group. The banking facilities were secured by the properties and/or deposits of Mr. Chan Siu Chung, an Executive Director of the Company, and/or his family member.

### **2. *Alternate source of funding***

The Group is actively considering to raise new capital by carrying out fund raising activities including but not limited to rights issue, open offer and placing of new shares.

### **3. *Operation plans***

The Group will implement operation plans to control costs and generate adequate cash flows from the Group's operations.

In the opinion of the Directors, in light of the various measures/arrangements implemented after the end of the reporting period, the Group will have sufficient working capital for its current requirements and it is reasonable to expect the Group to remain a commercially viable concern. Accordingly, the Directors are satisfied that it is appropriate to prepare the unaudited interim financial statements on a going concern basis.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for any future liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effect of these adjustments has not been reflected in the unaudited interim financial statements.

### 3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted new or revised standards, amendments to standards and interpretation of Hong Kong Financial Reporting Standards (“HKFRSs”) which are effective for accounting periods commencing on or after 1 April 2019. Except for disclosed below, the adoption of other new or revised standards, amendments to standards and interpretation does not have material impact on the Interim Financial Statements and does not result in substantial changes to the Group’s accounting policies.

#### **Impacts and changes in accounting policies of application on HKFRS 16 “Leases”**

The Group leases various offices. Rental contracts are typically made for fixed periods. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including insubstance fixed payments).

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of office furniture.

The Group has adopted HKFRS 16 from 1 April 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the simplified transition approach in the standard. The reclassifications and the adjustments arising from the new leasing standards are therefore recognised in the opening balance sheet on 1 April 2019.

#### **Impacts and changes in accounting policies of application on HKFRS 16 “Leases”**

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 April 2019 in each territory or region where the lease assets are located.

The Group elected the modified retrospective approach for the application of HKFRS 16 as lessee and recognised the cumulative effect of initial application without restating comparative information.

#### **4. REVENUE SEGMENT INFORMATION**

The Group’s reportable and operating segments under HKFRS 8 “Operating Segments” are as follows:

##### **(i) Fitting-out work for new projects (“Fitting-out Projects”)**

Provision of fitting-out work for construction of newly built commercial premises and residential developments either as a main contractor or subcontractor.

(ii) **Renovation work and alteration and addition work for old projects (“Renovation Projects”)**

Provision of renovation work and alteration and addition work for existing commercial premises as a main contractor.

No geographical information is presented as the Group’s revenue are all derived from Hong Kong based on the location of services delivered.

**For the three months ended 30 September 2019**

	Fitting out projects HK\$’000	Renovation projects HK\$’000	Total HK\$’000
<b>Revenue</b>			
Segment revenue	14,992	37,872	52,864
Segment (loss)/profit	(372)	7,793	7,421
Unallocated income			12
Unallocated expenses			(6,989)
Profit before taxation			444

For the three months ended 30 September 2018

	Fitting out projects HK\$’000	Renovation projects HK\$’000	Total HK\$’000
Revenue			
Segment revenue	15,289	16,610	31,899
Segment profit	801	2,639	3,440
Unallocated income			–
Unallocated expenses			(5,702)
Loss before taxation			(2,262)

## For the six months ended 30 September 2019

	Fitting out projects HK\$'000	Renovation projects HK\$'000	Total HK\$'000
<b>Revenue</b>			
Segment revenue	25,612	77,361	102,973
Segment profit	558	8,656	9,214
Unallocated income			41
Unallocated expenses			(14,769)
Loss before taxation			(5,514)

## For the six months ended 30 September 2018

	Fitting out projects HK\$'000	Renovation projects HK\$'000	Total HK\$'000
<b>Revenue</b>			
Segment revenue	37,184	16,791	53,975
Segment profit	2,296	2,770	5,066
Unallocated income			–
Unallocated expenses			(10,329)
Loss before taxation			(5,263)

Segment (loss)/profit represents the (loss)/profit from each segment before taxation without allocation of other income, administrative expenses and finance costs.

## Geographical information

The Group's revenue is all derived from operations in Hong Kong and the Group's non-current assets are all located in Hong Kong.

## Information about major customers

Revenue from customers of the corresponding years individually contributing over 10% of the Group's revenue are as follows:

		Three months ended 30 September		Six months ended 30 September	
		2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Customer 1	Renovation Projects	- <sup>1</sup>	NA	16,715	NA
Customer 2	Renovation Projects	33,280	NA	66,754	NA
Customer 3	Fitting-out Projects	- <sup>1</sup>	14,736	- <sup>1</sup>	31,934
Customer 4	Renovation Projects	NA	8,561	NA	8,561

- <sup>1</sup> The corresponding revenue did not contribute over 10% of the total revenue of the Group.

## 5. OTHER INCOME

	Three months ended 30 September		Six months ended 30 September	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Bank interest income	1	–	1	–
Other income	11	–	11	–
Gain on disposal of property, plant and equipment	–	–	29	–
	<b>12</b>	–	<b>41</b>	–

## 6. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Interest on:				
Bank borrowings	38	–	38	–
Other borrowings	988	987	1,964	1,964
Finance leases	1	3	3	6
Interest on lease liabilities	54	–	54	–
	<b>1,081</b>	990	<b>2,059</b>	1,970



## 7. PROFIT/(LOSS) BEFORE TAXATION

	Three months ended 30 September		Six months ended 30 September	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Profit/(loss) before taxation has been arrived at after charging:				
Directors' emolument	257	935	1,079	1,878
Other staff costs:				
Salaries and other allowances	2,987	3,559	5,999	6,311
Retirement benefit scheme contributions	119	123	224	200
<b>Total staff costs</b>	<b>3,363</b>	<b>4,617</b>	<b>7,302</b>	<b>8,389</b>
Less: amounts included in cost of services	(2,261)	(2,167)	(4,559)	(3,918)
	<b>1,102</b>	<b>2,450</b>	<b>2,743</b>	<b>4,471</b>
Auditor's remuneration	150	150	300	300
Depreciation of property, plant and equipment	88	329	320	658
Depreciation of right-of-use assets	964	–	964	–
Minimum operating lease rentals in respect of rental premises	–	562	–	1,123

## 8. TAXATION

No provision for Hong Kong Profit Tax has been made as the Group had no assessable profit during the six months and three months ended 30 September 2019 and 2018.

## 9. DIVIDENDS

The Board does not recommend a payment of a dividend for the Period (2018: Nil)

## 10. EARNINGS/(LOSS) PER SHARE

	Three months ended 30 September		Six months ended 30 September	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Profit/(loss):				
Loss for the purpose of calculating basic earnings/(loss) per share	444	(2,262)	(5,514)	(5,263)
Number of shares:				
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share	200,000,000	200,000,000	200,000,000	200,000,000

Diluted earnings/(loss) per share for the three months and six months 30 September 2019 and 2018 were not presented as the potential ordinary shares in issue for the three months and six months ended 30 September 2019 and 2018.

## 11. ACCOUNT AND OTHER RECEIVABLES

	<b>As at 30 September 2019 HK\$'000 (Unaudited)</b>	As at 31 March 2019 HK\$'000 (Audited)
Account receivables	<b>18,585</b>	14,694
Less: allowance for expected credit losses	<b>(3,282)</b>	(3,282)
	<b>15,303</b>	11,412
Other receivables, deposits and prepayments		
– Project deposits paid to sub-contractors	<b>10,166</b>	2,696
– Rental and utility deposits	<b>853</b>	623
– Prepayment	<b>10,278</b>	254
– Other receivables	<b>68</b>	66
	<b>21,365</b>	3,639
Total accounts and other receivables	<b>36,668</b>	15,051

### Aging of account receivables and other receivables

	<b>As at 30 September 2019 HK\$'000 (Unaudited)</b>	As at 31 March 2019 HK\$'000 (Audited)
within 30 days	<b>6,660</b>	6,876
31 to 60 days	–	3,545
61 to 120 days	–	–
121 to 365 days	<b>8,643</b>	873
Over 365 days	–	118
	<b>15,303</b>	11,412

## 12. ACCOUNT AND OTHER PAYABLES

	<b>As at 30 September 2019 HK\$'000 (Unaudited)</b>	As at 31 March 2019 HK\$'000 (Audited)
Account payables	1,217	7,401
Accruals	13,697	11,822
Advances from customers	8,000	8,000
	<b>22,914</b>	<b>27,223</b>

The average credit period on account payables is 30 days. The aging analysis of the account payables based on invoice dates at the end of each reporting period is as follows:

	<b>As at 30 September 2019 HK\$'000 (Unaudited)</b>	As at 31 March 2019 HK\$'000 (Audited)
0 to 30 days	657	7,401
31 to 60 days	-	-
61 to 90 days	-	-
Over 90 days	560	-
	<b>1,217</b>	<b>7,401</b>

## MANAGEMENT DISCUSS AND ANALYSIS

### Business Review

The Company is an investment holding company and the shares of the Company (the “**Shares**”) were listed on GEM of the Stock Exchange on 13 January 2017 by way of placing (the “**Placing**”). The Company’s subsidiaries are principally engaged in the provision of fitting out work for construction of newly built commercial premises and residential developments and renovation (including alteration and addition) work for existing commercial premises in Hong Kong.

During the six months ended 30 September 2019, the Company submitted tenders amounting to approximately HK\$898.6 million and 9 projects were awarded amounting to approximately HK\$143.8 million, which include a Renovation Projects for cinema operation at Tsim Sha Tsui with contract sum of approximately HK\$69.5 million and a Fitting-out Project for the proposed residential development at Ma On Shan with contract sum of approximately HK\$34.4 million. 4 of 9 projects were awarded by new clients, one was a famous medium size local developer, one was a famous commercial chamber in Hong Kong and one was a sizable developer from PRC who started their first property development in Hong Kong. The tenders are invited by the stable and long term clients, including listed property developers, based on their trust to our Company and some are from new clients including those sizable developers from PRC and those entertainment industry, such as cinema/museum.

### Financial Review

#### Revenue

The Group’s overall revenue increased from approximately HK\$54.0 million for the six months ended 30 September 2018 to approximately HK\$103.0 million for the six months ended 30 September 2019, representing an increase of approximately 90.7%.

The revenue for the Fitting out Projects for the six months ended 30 September 2019 was approximately HK\$25.6 million, represented a decrease of approximately 31.2% from approximately HK\$37.2 million for the same period in 2018.

The revenue for the Renovation Projects for the six months ended 30 September 2019 was approximately HK\$77.4 million, represented an increase of approximately 360.7% from approximately HK\$16.8 million for the same period in 2018.

### **Cost of Services**

The Group's direct cost increased from approximately HK\$48.9 million for the six months ended 30 September 2018 to approximately HK\$93.7 million for the six months ended 30 September 2019, representing an increase of approximately 91.7%. The increase was in line with the increase in revenue during the period.

### **Gross Profit**

The gross profit amounted to approximately HK\$9.2 million and approximately HK\$5.1 million for the six months ended 30 September 2019 and 2018 respectively, representing an increase of approximately 81.9%.

### **Administrative Expenses**

The Group's administrative expenses amounted to approximately HK\$8.4 million and approximately HK\$12.7 million for the six months ended 30 September 2018 and 2019 respectively, representing an increase of approximately 51.2%. Such increase was primarily due to the increase of professional fee incurred in relation to the shareholders' disputes during the six months ended 30 September 2019.

## **Loss attributable to the owners of the Company**

As a result of the aforesaid, the loss attributable to the owners of the Company was approximately HK\$5.5 million and approximately HK\$5.3 million for the six months ended 30 September 2019 and 2018 respectively.

## **Prospect and Outlook**

The competitive strengths of the Company, such as (i) an established track record in the market with stable and long term client relationships with the major clients that include listed property developers; (ii) strong and stable relationships with the major suppliers and subcontractors; (iii) integrated project execution for contracting services; and (iv) a strong and experienced management team with proven track record, continuously contribute to the success of the Group.

The Group will continue focusing on the opportunities in renovation works and fitting out works in Hong Kong, especially renovation projects of entertainment industry such as cinema or museums and leisure facilities such as private club houses. The Boards will keep to tender new fitting out projects including those mainland based property developers which are currently very active in new property development in Hong Kong.

In view of the expected growth of the construction industry in Hong Kong driven by the Hong Kong Government's initiatives to increase the land supply for private housing as well as commercial buildings, the Company is still confident about the prospect of the fitting out and renovation contracting services in Hong Kong.

However, the recent protests in Hong Kong are the major uncertainties about the economic growth in future which our management will pay more attention.

## Liquidity and Financial Resources

The Group's operation and investments were financed principally by cash generated from its business operations, bank borrowings and equity contribution from shareholders. As at 30 September 2019, the Group had net current liabilities of approximately HK\$5.8 million (31 March 2019: net current assets HK\$0.1 million), bank balances and cash of approximately HK\$7.7 million (31 March 2019: HK\$9.3 million) and pledged bank deposit of approximately HK\$28.8 million (31 March 2019: HK\$28.8 million).

The gearing ratio of the Group as at 30 September 2019 was approximately 13.6 times (31 March 2019: approximately 17.7 times), which was high as the Group suffered from the loss and decrease in total equity during the period ended 30 September 2019. The gearing ratio is calculated as total borrowings divided by total equity as at the respective periods.

## Treasury Policy

The Group has adopted a prudent financial management approach towards its treasury policies. 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 from time to time.

## Pledge of Assets

Certain cash deposits of the Group of approximately HK\$28.8 million as at 30 September 2018 are charged to secure general banking facilities.

## Capital Commitments

As at 30 September 2019, the Group did not have any capital commitment.



## **Capital Structure**

There has been no change in capital structure of the Company since 31 March 2019.

## **Significant Investments**

As at 30 September 2019, there was no significant investment held by the Group (31 March 2019: Nil).

## **Acquisitions and Disposals and Future Plans for Material Investments and Capital Assets**

The Group did not have any acquisitions or disposals of subsidiaries and affiliated companies during the six months ended 30 September 2019. Save as disclosed in the paragraphs “Comparison of Business Objectives and Actual Business Progress” of this report, the Group did not have other plans for acquisitions or capital assets.

## **Foreign Exchange Exposure**

The Group’s business operations were conducted in Hong Kong and the transactions, monetary assets and liabilities of the Group were denominated in Hong Kong dollars and United States dollars. As at 30 September 2019, the Group had no significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

## **Employees and Remuneration Policy**

As at 30 September 2019, the Group had 34 employees. The remuneration policy of the employees of the Group was set up by the Board on the basis of their experience, qualifications and competence. Other employees’ benefits include contributions to statutory mandatory provident funds, and housing allowance to its employees in Hong Kong.

A remuneration committee was set up for, inter alia, reviewing the Group’s remuneration policy and structure for all Directors and senior management of the Group.

## Comparison of Business Objectives and Actual Business Progress

An analysis comparing the business objectives set out in the prospectus of the Company dated 30 December 2016 (the “**Prospectus**”) with the Group’s actual business progress for the period from 13 January 2017 (the “**Listing Date**”) to 30 September 2019 is set out below:

### Business objectives up to 30 September 2019

### Actual Business Progress up to 30 September 2019

Further developing the Group’s contracting business

The company has utilised the proceeds in security of surety bond to new business. In addition, the Company has successfully developed a team of designers to develop design and build projects and will keep going to enlarge the proportion of design and build projects to our overall business scale

Acquisition of premises in Hong Kong

The company originally intends to acquire a new premises located in Wong Chuk Hang in Hong Kong but such plans was delayed as a consequence of the shareholders’ disputes and the deposit paid amounting to approximately HK\$0.8 million was forfeited. The Company is still exploring suitable premises with favourable offer for the use as showroom/warehouse with the view of maximizing the shareholders interest

Expansion of the Hong Kong office

Maintaining the office located at 18/F., The Pemberton, 22-26 Bonham Strand, Sheung Wan, Hong Kong

Decoration of the Hong Kong office

Fitted out the office located at 18/F., The Pemberton, 22 26 Bonham Strand, Sheung Wan, Hong Kong and purchased new office equipment

Purchase of motor vehicles

Three motor vehicles were purchased for materials and transportation of staff

Further strengthening the Group’s in house team

A Marketing Manager was newly recruited from 20 January 2017

## Use of Proceeds Obtained from the Placing

The net proceeds from the Placing, after deducting listing related expenses, were approximately HK\$40.6 million, which was different from the estimated net proceeds of approximately HK\$41.6 million. The Group intends to adjust the use of net proceeds in the same manner and in the same proportion as shown in the Prospectus. An analysis of the utilisation of the net proceeds from the Listing Date up to 30 September 2019 is set out below:

	<b>Adjusted use of net proceeds in the same manner and in the same proportion as stated in the Prospectus HK\$ million</b>	<b>Adjusted use of net proceeds in the same manner and in the same proportion from the Listing Date up to 30 September 2019 HK\$ million</b>	<b>Actual use of net proceeds from the Listing Date up to 30 September 2019 HK\$ million</b>
Further developing the Group's contracting business	22.8	22.8	22.8
Acquisition of premises in Hong Kong	5.7	5.7	0.8
Expansion of the Hong Kong office	1.7	1.7	1.7
Decoration of the Hong Kong office	1.9	1.9	1.9
Purchase of motor vehicles	1.2	1.2	1.2
Further strengthening the Group's in house team	3.2	3.2	3.2
General working capital	4.1	4.1	4.1
<b>Total</b>	<b>40.6</b>	<b>40.6</b>	<b>35.7</b>

## DIRECTOR'S AND CHIEF EXECUTIVE'S INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2019, the interests of the Directors of the Company in shares, underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

### Long positions in shares and underlying shares of the Company

Name	Capacity	Number of ordinary Shares held	Approximate percentage of the issued share capital of the Company as at 30 September 2019
Chan Siu Chung	Beneficial owner	26,500,000	13.25%

Mr. Chan held through Acropolis Limited in which Mr. Chan is the sole Director and shareholder.

Save as disclosed above, none of the Directors of the Company had any interests or short position in the shares, underlying shares or debentures of the Company or its associated corporation as at 30 September 2019.

## **SUBSTANTIAL SHAREHOLDERS AND OTHERS' INTERESTS IN THE SHARES OF THE COMPANY**

As at 30 September 2019, so far as are known to any Directors of the Company, the following parties (other than the Directors or chief executive of the Company) had interests in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to section 336 of the SFO:

<b>Name</b>	<b>Capacity</b>	<b>Number of ordinary Shares held</b>	<b>Approximate percentage of the issued share capital of the Company as at 30 September 2019</b>
W & Q Investment Limited	Beneficial owner	52,500,000	26.25%
Liu Chang Kien	Interest in the controlled corporation	52,500,000	26.25%

Mr. Liu held through W & Q Investment Limited in which Mr. Liu is the shareholder.

Save as disclosed above, as at 30 September 2019, the Directors were not aware of any other person (other than a Director) who had an interest or short position in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO.

## SHARE OPTION SCHEME

A share option scheme of the Company (the **“Share Option Scheme”**) was adopted in Company’s annual general meeting on 30 September 2019. No share option has been granted under the Share Option Scheme since its adoption and there was no outstanding share options under the Share Option Scheme as at 30 September 2019.

## DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted procedures governing Directors’ securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules.

The Directors during the six months ended 30 September 2019 were Mr. Chan Siu Chung, Mr. Au Siu Kwong, Mr. Zhang Hai Wei, Mr. Yeung Chun Yue, David, Ms. Lai Wing Sze, Ms. Yu Wan Ki, Ms. Zhang Qi, Mr. Law Wing Kit, Mr. To Man Choy, Jacky, Mr. Ko Kwok Fai, Dennis, and Ms. Tsang Kwok Shan, Sandy. The Company has made specific enquiries of which Mr. Chan Siu Chung, Mr. Zhang Hai Wei, Mr. Yeung Chun Yue, David, Ms. Lai Wing Sze, Ms. Yu Wan Ki have confirmed that they have complied with the required standards of dealings set out in the GEM Listing Rules during the six months ended 30 September 2019. Since the former Directors (Ms. Zhang Qi, Mr. Law Wing Kit, Mr. To Man Choy, Jacky, Mr. Ko Kwok Fai, Dennis and Ms. Tsang Kwok Shan, Sandy) were resigned or removed before the date of this report and Mr. Au Siu Kwong, a former Executive Director, passed away on 8 October 2019, the current Board cannot confirm whether they had complied with the required standards of dealings set out in the GEM Listing Rules during the six months ended 30 September 2019.

## MANAGEMENT CONTRACTS

No contracts, other than a contract of service with any Director or any person under the fulltime employment of the Company, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the six months ended 30 September 2019.

## **DIRECTORS' INTERESTS IN COMPETING BUSINESS**

None of the Directors or the substantial shareholders (as defined in the GEM Listing Rules) of the Company or their respective close associates (as defined in the GEM Listing Rules) had any interest in the business that competed or might compete or was likely to compete, either directly or indirectly, with the business of the Group during the six months ended 30 September 2019.

## **PRE-EMPTIVE RIGHTS**

There is no provision for pre-emptive rights under the articles of association of the Company or the laws of Cayman which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

During the six months ended 30 September 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **EVENTS AFTER THE REPORTING PERIOD**

Up to the date of this report, there is no significant events occurred after the reporting period.

## **CORPORATE GOVERNANCE PRACTICES**

The corporate governance principles of the Company emphasis a quality Board, sound internal controls, transparency and accountability to all shareholders. By applying rigorous corporate governance practices, the Company believes that its accountability and transparency will be improved thereby instilling confidence to the shareholders of the Company and the public. Throughout the six months ended 30 September 2019, the Company has complied with the code provisions in the Corporate Governance Code ("**CG Code**") set out in Appendix 15 to the GEM Listing Rules except for the following deviations:

### **Provisions A.2.1, A.2.2 and A.2.3 of the CG Code**

Under provision A.2.1 of the CG Code, the role of the Chairman and the Chief Executive Officer should be performed by separate individuals. Mr. Chan Siu Chung is the Chairman who provides leadership for the Board. According to Provisions A.2.2 and A.2.3 of the CG Code, Mr. Chan Siu Chung as the Chairman ensures that all directors are properly briefed on issued arising at board meetings, and receive adequate information, both complete and reliable, in a timely manner. The executive directors of the Company collectively oversees the overall management of the Group in each of their specialized executive fields, which fulfils the function of Chief Executive Officer in substance. Therefore, the Company currently has not appointed its Chief Executive Officer to avoid the duplication of duties.

### **Provisions A.1.3 and A.7.1 of the CG Code**

Provisions A.1.3 and A.7.1 of the CG Code stipulate that 14 day notice should be given for each regular board meeting and that in respect of regular meetings, and so far as practicable in all other cases, an agenda and accompanying board papers should be sent in full to all directors in a timely manner and at least 7 days before the intended date of a board or board committee meeting (or such other period as agreed). The Company agrees that sufficient time should be given to the directors in order to make a proper decision. In these respects, the Company adopts a more flexible approach (and yet sufficient time has been given) in convening board meetings to ensure efficient and prompt management decisions could be made.

### **AUDIT AND RISK MANAGEMENT COMMITTEE**

As at the date of this report, the Audit and Risk Management Committee was chaired by Mr. Yeung Chun Yue, David, an independent non executive Director and the other members include Ms. Lai Wing Sze and Ms. Yu Wan Ki, all being independent non executive Directors of the Company.



The Audit and Risk Management Committee's primary duties include ensuring that the Company's financial statements, annual, interim and quarterly reports and the auditor's report present a true and balanced assessment of the Company's and the Group's financial position; reviewing the Company's and the Group's financial control, internal control and risk management systems; and reviewing the Company's financial and accounting policies and practices. Other duties of the Audit and Risk Management Committee are set out in its specific terms of reference which are posted on the websites of the Company and of the Stock Exchange. The Audit and Risk Management Committee is provided with sufficient resources enabling it to discharge its duties.

The Audit and Risk Management Committee reviewed the Group's accounting principles, practices and compliance and financial report matters including the review of the unaudited condensed consolidated financial statements for the six months ended 30 September 2019.

For and on behalf of  
**Aeso Holding Limited**  
**Chan Siu Chung**  
*Chairman*

Hong Kong, 14 November 2019

*As at the date of this report, the Board comprises Mr. Chan Siu Chung, Mr. Cheung Hiu Tung and Mr. Zhang Hai Wei as Executive Directors, Mr. Yeung Chun Yue, David, Ms. Lai Wing Sze and Ms. Yu Wan Ki as Independent Non Executive Directors.*