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AESO HOLDING LIMITED

艾碩控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8341)

**FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR
THE THREE MONTHS ENDED 30 JUNE 2020**

The board (the “**Board**”) of directors (the “**Directors**”) of Aeso Holding Limited (the “**Company**”) announces the unaudited condensed consolidated quarterly results of the Company and its subsidiaries (collectively the “**Group**”) for the three months ended 30 June 2020. This announcement, containing the full text of the 2020 First Quarterly 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 first quarterly results.

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

Hong Kong, 14 August 2020

As at the date of this announcement, the Board comprises Mr. Chan Siu Chung, Mr. Cheung Hiu Tung and 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 for a minimum period of seven days from the date of the publication and on the website of the Company at 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.*

FIRST QUARTERLY RESULTS

The board of Directors (the “**Board**”) is pleased to announce the unaudited results of the Company and its subsidiaries (collectively, the “**Group**”) for the three months ended 30 June 2020 (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 ended 30 June 2020

		Three months ended 30 June	
	Notes	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Revenue	4	24,618	50,109
Cost of services		(23,432)	(48,316)
Gross profit		1,186	1,793
Other income	5	42	29
Change in fair value of financial assets at fair value through profit or loss		77	–
Administrative expenses		(3,980)	(6,802)
Finance costs	6	(721)	(978)
Loss before taxation	7	(3,396)	(5,958)
Taxation	8	–	–
Loss and total comprehensive loss for the period		(3,396)	(5,958)
Loss per share attributable to equity holders of the Company			
Basic and diluted (HK cents)	10	(1.70)	(2.98)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2020

	Share capital	Share premium	Share option reserve	Other reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2020 (audited)	15,600	40,201	4,182	1,000	(82,118)	(21,135)
Loss and total comprehensive loss for the Period	-	-	-	-	(3,396)	(3,396)
As at 30 June 2020 (unaudited)	15,600	40,201	4,182	1,000	(85,514)	(24,531)
At 1 April 2019 (audited)	15,600	40,201	-	1,000	(54,696)	2,105
Loss and total comprehensive loss for the Period	-	-	-	-	(5,958)	(5,958)
As at 30 June 2019 (unaudited)	15,600	40,201	-	1,000	(60,654)	(3,853)

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 89 Nexus Way, Camana Bay, Grand Cayman, KY1-9009, 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 work of newly built commercial premises and residential developments, and (ii) the renovation (including alteration and addition) work for existing commercial premises.

The unaudited 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 quarterly financial statements of the Group for the three months ended 30 June 2020 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 quarterly financial statements should be read in conjunction with the annual report for the year ended 31 March 2020.

The accounting policies adopted are consistent with those set out in the annual financial statements for the year ended 31 March 2020. 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

During the three months ended 30 June 2020, the Group recorded a consolidated net loss of approximately HK\$3.4 million and, as of that date, the Group had net current liabilities and net liabilities of approximately HK\$27.9 million and HK\$24.5 million respectively. Notwithstanding the above results, the unaudited quarterly financial statements have been prepared on a going concern basis, the validity of which is dependent upon the success of the Group's future operations, its ability to generate adequate cash flows in order to meet its obligations as and when fall due and its ability to refinance or restructure its borrowings such that the Group can meet its future working capital and financing requirements. Also, the Directors of the Company are of the opinion that the Group will be able to finance its future financing requirements and working capital based on the following considerations:

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

1. Financial support

A substantial shareholder of the Company has agreed to continuously provide financial support for the current operations of the Group so as to enable it to meet its liabilities when they fall due and carry on its business without a significant curtailment of operations in the twelve months from 30 June 2020.

2. *Alternate source of funding*

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

3. *Operating plans*

The Group is taking measures to tighten costs and expenses and seek new profitable contracts for new fitting out and renovation projects.

4. *Banking facilities*

As at 30 June 2020, the Group has obtained unutilised banking facilities of surety bond amounting to HK\$6,175,000, which is secured by personally guaranteed of Mr. Chan, certain asset held by Mr. Chan, financial assets at fair value through profit or loss and the pledged bank deposits held by the Group.

In the opinion of the Directors, in light of the various measures or arrangements implemented after the end of reporting period together with the expected results of the other measures, 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 quarterly 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 quarterly financial statements.

3. 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.

4. REVENUE

An analysis of the Group's revenue recognised during the three months ended 30 June 2020 and 2019 is as follows:

	Three months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Over-time of revenue recognition		
Fitting-out projects	24,027	10,620
Renovation projects	591	39,489
Total	24,618	50,109
Outstanding contract amount	119,306	196,382

5. OTHER INCOME

	Three months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Gain on disposal of property, plant and equipment	–	29
Sundry income	32	–
Interest income	10	–
	42	29

6. FINANCE COSTS

	Three months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Interest on:		
Other borrowings	597	976
Bank borrowings	95	–
Interest on lease liabilities/obligations under finance leases	29	2
	721	978

7. LOSS BEFORE TAXATION

	Three months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Loss before taxation has been arrived at after charging:		
Directors' emolument	889	822
Other staff costs:		
Salaries and other allowances	2,897	3,012
Retirement benefit scheme contributions	109	105
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Total staff costs	3,895	3,939
Less: amounts included in cost of services	(2,146)	(2,298)
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	1,749	1,641
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Auditors' remuneration	195	150
Depreciation of property, plant and equipment	71	232
Depreciation of right-of-use assets	678	–
Minimum operating lease rentals in respect of rental premises	–	599
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8. TAXATION

No provision for Hong Kong Profit Tax has been made as the Group had no assessable profit during the three months ended 30 June 2020 and 2019.

9. DIVIDENDS

The Board of directors do not recommend the payment of any dividend for the Period (three months ended 30 June 2019: Nil).

10. LOSS PER SHARE

	Three months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss:		
Loss for the purpose of calculating basic loss per share	(3,396)	(5,958)
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	200,000,000	200,000,000

The basic and diluted loss per share are the same for the Period as the effect of the Group's share option were anti-dilutive.

The basic and diluted loss per share are the same for the three months ended 30 June 2019 as there were no the potential ordinary shares in issue for the three months ended 30 June 2019.

MANAGEMENT DISCUSSION 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 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.

As a contracting service provider which offers high quality and value-added services to cater for our clients’ specification and satisfaction, the Group received continuing support from our customers over the years. We have also built up reputation which attract many new customers. Amongst the total revenue of approximately HK\$24.6 million for the Period, approximately HK\$12.6 million was contributed by new customers for the year ended 31 March 2020.

During the Period, the Company submitted tenders amounting to approximately HK\$709 million (three months ended 30 June 2019: approximately HK\$533.1 million and 5 projects were awarded amounting to approximately HK\$111.3 million (three months ended 30 June 2019: approximately HK\$76.2 million), which include a fitting-out project for proposed composite development at Western District with contract sum of approximately HK\$33.4 million and a fitting-out project for proposed commercial development at Chek Lap Kok with contract sum of approximately HK\$75.0 million. 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.

To finance the forthcoming fitting-out projects and renovation projects and to improve the overall gearing by repayment of borrowings, the Group is seeking to raise new capital by carrying out equity fund raising activities including but not limited to right issue, open offer and placing of new shares. The Group considered that external sources of fund is vital for financing the upfront funding needs for our projects and facilitating the further expansion of our business scale. The Group has conducted the preliminary work for the fund raising activities.

Financial Review

Revenue

The Group's overall revenue decreased from approximately HK\$50.1 million for the three months ended 30 June 2019 to approximately HK\$24.6 million for the Period, representing a decrease of approximately 50.9%. The recent protests and the outbreak of COVID-19 in Hong Kong leading to an adverse effect on Hong Kong economy were the main reasons for the decrease in revenue.

The revenue for the fitting-out projects for the Period was approximately HK\$24.0 million, represented an increase of approximately 126.2% from approximately HK\$10.6 million for the same period in 2019.

The revenue for the renovation projects for the Period was approximately HK\$0.6 million, represented a decrease of approximately 98.5% from approximately HK\$39.5 million for the same period in 2019.

Cost of Services

The Group's direct cost decreased from approximately HK\$48.3 million for the three months ended 30 June 2019 to approximately HK\$23.4 million for the Period, representing a decrease of approximately 51.5%. The decrease was in line with the decrease in revenue.

Gross Profit

The Group's gross profit amounted to approximately HK\$1.2 million and HK\$1.8 million for the three months ended 30 June 2020 and 2019 respectively, representing a decrease of approximately 33.9%.

Administrative Expenses

The Group's administrative expenses amounted to approximately HK\$4.0 million and approximately HK\$6.8 million for the three months ended 30 June 2020 and 2019 respectively, representing a decrease of approximately 41.5%. Such decrease was due to the decrease of legal and professional fee and tender costs for the period.

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\$3.4 million and approximately HK\$6.0 million for the three months ended 30 June 2020 and 2019 respectively.

Prospect and Outlook

In view of the increasing opportunities for further business development as reflected in the projects awarded for the Period and for the year ended 31 March 2020, the Group is seeking to raise new capital by carrying out equity fund raising activities including but not limited to rights issue, open offer and placing of new shares in order to finance the upfront funding needs for our projects and to facilitate the further expansion of our business scale. The Group has conducted the preliminary work for the fund raising activities.

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 cinemas 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.

However, the recent protests and the outbreak of COVID-19 in Hong Kong are the major uncertainties about the economic growth in coming years which our management will pay more attention. Besides, the productivity of our materials suppliers in mainland China and Europe may be affected by the aforesaid reasons which may in turn affect the progress of our on-going projects, our management was closely communicating with those suppliers to minimise our operating risks.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2020, 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 June 2020
Chan Siu Chung	Beneficial owner	28,500,000	14.25%
Cheung Hiu Tung – share options	Beneficial owner	2,000,000	1.00%
Zhang Hai Wei – share options	Beneficial owner	2,000,000	1.00%

Mr. Chan held 26,500,000 Shares through Acropolis Limited in which Mr. Chan is the sole Director and shareholder. Also, Mr. Chan held 2,000,000 share options of the Company directly.

Save as disclosed above, none of the Directors and chief executive 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 June 2020.

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

As at 30 June 2020, so far as are known to any Directors of the Company, no person (other than the Directors or chief executive of the Company) had interests in the shares or underlying shares of the Company accounting to a substantial shareholder as recorded in the register required to be kept pursuant to 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.

Details of the options outstanding for the Period are as follows:

Grantees	Date of grant	No. of shares comprised in options			As at 30 June 2020	Exercise price per share	
		As at 1 April 2020	Granted	Exercised			Lapsed
Executive director							
Chan Siu Chung	15 November 2019	2,000,000	-	-	-	2,000,000	HK\$0.445
Cheung Hiu Tung	15 November 2019	2,000,000	-	-	-	2,000,000	HK\$0.445
Zhang Hai Wei	15 November 2019	2,000,000	-	-	-	2,000,000	HK\$0.445
Other employees	15 November 2019	14,000,000	-	-	-	14,000,000	HK\$0.445
	Total	20,000,000	-	-	-	20,000,000	

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 three months ended 30 June 2020 were Mr. Chan Siu Chung, Mr. Cheung Hiu Tung, Mr. Zhang Hai Wei, Mr. Yeung Chun Yue, David, Ms. Lai Wing Sze and Ms. Yu Wan Ki. The Company has made specific enquiries and all Directors have confirmed that they have complied with the required standards of dealings set out in the GEM Listing Rules during the Period.

MANAGEMENT CONTRACTS

No contracts, other than a contract of service with any Director or any person under the full-time 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 Period.

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 Period.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the Period, 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 emphasise 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 three months ended 30 June 2020, 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:

Provision A.2.1 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. Mr. Chan Siu Chung as the Chairman ensures that all directors are properly briefed on issues 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.

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 three months ended 30 June 2020.

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

Hong Kong, 14 August 2020

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.