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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 2020**

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 2020. This announcement, containing the full text of the 2020 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, 13 November 2020

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 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.*

FINANCIAL HIGHLIGHTS

For the six months ended 30 September 2020 (the “**Period**”):

- Revenue of the Group was approximately HK\$42.7 million, representing a decrease by approximately 58.5% as compared to the corresponding period in 2019.
- Loss attributable to equity holders of the Company was approximately HK\$7.3 million (2019: loss of approximately HK\$5.5 million).
- The Board of directors do not recommend the payment of dividend for the Period.
- Loss per share of the Company was approximately HK\$3.63 cents (2019: loss per share of approximately HK\$2.76 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 2020

	Notes	Three months ended 30 September		Six months ended 30 September	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	3	18,119	52,864	42,737	102,973
Cost of sales		(17,798)	(45,443)	(41,230)	(93,759)
Gross profit		321	7,421	1,507	9,214
Other income, gains or losses	4	1,726	12	1,768	41
Change in fair value of financial assets at fair value through profit or loss		38	-	115	-
Administrative expenses		(5,373)	(5,908)	(9,353)	(12,710)
Finance costs	5	(580)	(1,081)	(1,301)	(2,059)
(Loss)/profit before taxation	6	(3,868)	444	(7,264)	(5,514)
Taxation	7	-	-	-	-
(Loss)/profit and total comprehensive (expense)/ income for the period		(3,868)	444	(7,264)	(5,514)
(Loss)/earnings per share, attribute to equity holders of the Company					
Basic and diluted (HK cents)	9	(1.93)	0.22	(3.63)	(2.76)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the six months ended 30 September 2020

	Notes	As at 30 September 2020 HK\$'000 (Unaudited)	As at 31 March 2020 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment		465	312
Right-of-use assets		4,523	6,146
		4,988	6,458
Current assets			
Account and other receivables	10	22,791	49,240
Contract assets		16,991	17,528
Financial assets at fair value through profit or loss		9,950	9,835
Pledged bank deposits		1,803	1,802
Bank balances and cash		5,448	34,782
		56,983	113,187
Current liabilities			
Account and other payables	11	28,210	63,853
Contract liabilities		29,185	19,985
Other borrowings		17,613	36,982
Advances drawn on account receivables factored with recourse		7,151	7,000
Bank borrowings		3,938	7,344
Lease liabilities/obligations under finance leases		2,549	2,615
		88,646	137,779
Net current liabilities		(31,663)	(24,592)
Total assets less current liabilities		(26,675)	(18,134)

	As at 30 September 2020 HK\$'000 (Unaudited)	As at 31 March 2020 HK\$'000 (Audited)
Non-current liabilities		
Lease liabilities/obligations under finance leases	1,724	3,001
	1,724	3,001
Net liabilities	(28,399)	(21,135)
Capital and reserves		
Share capital	15,600	15,600
Reserves	(43,999)	(36,735)
Total equity	(28,399)	(21,135)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2020

	Share capital HK\$'000	Share premium HK\$'000	Share option reserve HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2020 (audited)	15,600	40,201	4,182	1,000	(82,118)	(21,135)
Loss and total comprehensive expense for the Period	-	-	-	-	(7,264)	(7,264)
As at 30 September 2020 (unaudited)	15,600	40,201	4,182	1,000	(89,382)	(28,399)
At 31 March 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)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2020

	Six months ended 30 September	
	2020 HK\$'000	2019 HK\$'000
Net cash used in operating activities	(4,034)	(7,772)
Net cash generated from investing activities	1,771	774
Net cash (used in)/generated from financing activities	(25,268)	5,387
Net decrease in cash and cash equivalents	(27,531)	(1,611)
Cash and cash equivalents, at 1 April	34,782	9,269
Cash and cash equivalents, at 30 September	7,251	7,658
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	7,251	7,658

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 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 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 interim financial statements of the Group for the six months ended 30 September 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 ("**HKAS**") 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 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.

3. REVENUE AND SEGMENT INFORMATION

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

	Three months ended 30 September		Six months ended 30 September	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Over-time of revenue recognition				
Fitting-out projects	13,670	14,992	37,697	25,612
Renovation projects	4,449	37,872	5,040	77,361
	18,119	52,864	42,737	102,973

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.

For the three months ended 30 September 2020

	Fitting out projects HK\$'000	Renovation projects HK\$'000	Total HK\$'000
Revenue			
Segment revenue	13,670	4,449	18,119
Segment (loss)/profit	(152)	473	321
Unallocated income			1,726
Change in fair value of financial assets at fair value through profit or loss			38
Unallocated expenses			(5,953)
Loss before taxation			(3,868)

For the three months ended 30 September 2019

	Fitting out projects HK\$'000	Renovation projects HK\$'000	Total HK\$'000
Revenue			
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 six months ended 30 September 2020

	Fitting out projects HK\$'000	Renovation projects HK\$'000	Total HK\$'000
Revenue			
Segment revenue	37,697	5,040	42,737
Segment profit	952	555	1,507
Unallocated income			1,768
Change in fair value of financial assets at fair value through profit or loss			115
Unallocated expenses			(10,654)
Loss before taxation			(7,264)

For the six months ended 30 September 2019

	Fitting out projects HK\$'000	Renovation projects HK\$'000	Total HK\$'000
Revenue			
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)

Segment (loss)/profit represents the (loss)/profit from each segment before taxation without allocation of other income, change in fair value of financial assets at fair value through profit or loss, 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	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Customer 1	Renovation Projects	17,848	- ¹	29,676	16,715
Customer 2	Renovation Projects	NA	33,280	NA	66,754

¹ The corresponding revenue did not contribute over 10% of the total revenue of the Group.

4. OTHER INCOME, GAINS OR (LOSSES)

	Three months ended 30 September		Six months ended 30 September	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Bank interest income	-	1	-	1
Interest income	10	-	20	-
Other income	1,719	11	1,751	11
(Loss)/gain on disposal of property, plant and equipment	(3)	-	(3)	29
	1,726	12	1,768	41

5. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Interest on:				
Bank borrowings	56	38	151	38
Other borrowings	499	988	1,096	1,964
Interest on lease liabilities/obligations under finance leases	25	55	54	57
	580	1,081	1,301	2,059

6. (LOSS)/PROFIT BEFORE TAXATION

	Three months ended 30 September		Six months ended 30 September	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
(Loss)/profit before taxation has been arrived at after charging:				
Directors' emolument	833	257	1,722	1,079
Other staff costs:				
Salaries and other allowances	3,544	2,987	6,441	5,999
Retirement benefit scheme contributions	119	119	228	224
Total staff costs	4,496	3,363	8,391	7,302
Less: amounts included in cost of services	(2,133)	(2,261)	(4,279)	(4,559)
	2,363	1,102	4,112	2,743
Auditor's remuneration	195	150	390	300
Depreciation of property, plant and equipment	70	88	141	320
Depreciation of right-of-use assets	679	964	1,357	964

7. 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 2020 and 2019.

8. DIVIDENDS

The Board does not recommend a payment of a dividend for the Period (2019: Nil)

9. (LOSS)/EARNINGS PER SHARE

	Three months ended 30 September		Six months ended 30 September	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
(Loss)/profit:				
Loss for the purpose of calculating basic (loss)/earnings per share	(3,868)	444	(7,264)	(5,514)
Number of shares:				
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	200,000,000	200,000,000	200,000,000	200,000,000

Diluted (loss)/earnings per share for the three months and six months 30 September 2020 and 2019 were not presented as the potential ordinary shares in issue for the three months and six months ended 30 September 2020 and 2019.

10. ACCOUNT AND OTHER RECEIVABLES

	As at 30 September 2020 HK\$'000 (Unaudited)	As at 31 March 2020 HK\$'000 (Audited)
Account receivables	28,667	48,020
Less: allowance for expected credit losses	(10,075)	(10,075)
	18,592	37,945
Other receivables, deposits and prepayments		
– Project deposits paid to sub-contractors	2,975	10,245
– Rental and utility deposits	458	442
– Prepayment	710	552
– Other receivables	56	56
	4,199	11,295
Total accounts and other receivables	22,791	49,240

Aging of account receivables and other receivables

	As at 30 September 2020 HK\$'000 (Unaudited)	As at 31 March 2020 HK\$'000 (Audited)
within 30 days	13,734	9,477
31 to 60 days	3,975	19,733
61 to 120 days	–	5,589
121 to 365 days	883	–
Over 365 days	–	3,146
	18,592	37,945

11. ACCOUNT AND OTHER PAYABLES

	As at 30 September 2020 HK\$'000 (Unaudited)	As at 31 March 2020 HK\$'000 (Audited)
Account payables	2,975	27,922
Accruals	3,623	15,407
Advances from customers	9,000	8,072
Retention payables	12,612	12,452
	28,210	63,853

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:

	As at 30 September 2020 HK\$'000 (Unaudited)	As at 31 March 2020 HK\$'000 (Audited)
0 to 30 days	–	24,327
31 to 60 days	1,381	–
61 to 90 days	–	2,419
Over 90 days	1,594	1,176
	2,975	27,922

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.

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\$42.7 million for the Period, approximately HK\$17.8 million was contributed by new customers for the six months ended 30 September 2020.

During the six months ended 30 September 2020, the Company submitted tenders amounting to approximately HK\$1,387.9 million and 9 projects were awarded amounting to approximately HK\$111.9 million, which include a fitting-out project for proposed composite development at Western District with contract sum of approximately HK\$33.0 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.

On 3 September 2020, the Board proposed to raise up to approximately HK\$48.0 million on the basis of three (3) rights shares for every one (1) Share held on the record date by issuing 600,000,000 rights shares at the subscription price of HK\$0.080 per rights share. The Rights Issue and the transactions contemplated thereunder were approved by the shareholders of the Company at the extraordinary general meeting of the Company held on 12 October 2020. The Rights Issue is expected to be completed in November 2020. It is believed that the financial status and the cash position of the Company will be greatly enhanced upon the completion of the Rights Issue. Pursuant to the section “Unaudited Pro Forma Statement of Adjusted Consolidated Net Tangible Assets of the Group” included in the prospectus for the Rights Issue dated 27 October 2020, based on the 600,000,000 rights shares at the subscription price of HK\$0.080 per right share, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2020 immediately after completion of the Rights Issue will be approximately HK\$24,665,000.

Financial Review

Revenue

The Group’s overall revenue decreased from approximately HK\$103.0 million for the six months ended 30 September 2019 to approximately HK\$42.7 million for the six months ended 30 September 2020, representing a decrease of approximately 58.5%. The outbreak of COVID-19 in Hong Kong in 2020 leading to an adverse effect on Hong Kong economy was the main reason for the decrease in revenue.

The revenue for the Fitting out Projects for the six months ended 30 September 2020 was approximately HK\$37.7 million, represented an increase of approximately 47.2% from approximately HK\$25.6 million for the same period in 2019.

The revenue for the Renovation Projects for the six months ended 30 September 2020 was approximately HK\$5.0 million, represented a decrease of approximately 93.5% from approximately HK\$77.4 million for the same period in 2019.

Cost of Services

The Group's direct cost decreased from approximately HK\$93.8 million for the six months ended 30 September 2019 to approximately HK\$41.2 million for the six months ended 30 September 2020, representing a decrease of approximately 56.0%. The decrease was in line with the decrease in revenue during the Period.

Gross Profit

The gross profit amounted to approximately HK\$1.5 million and approximately HK\$9.2 million for the six months ended 30 September 2020 and 2019 respectively, representing a decrease of approximately 83.6%.

Administrative Expenses

The Group's administrative expenses amounted to approximately HK\$12.7 million and approximately HK\$9.4 million for the six months ended 30 September 2019 and 2020 respectively, representing a decrease of approximately 26.4%. Such decrease was primarily due to the decrease of legal and professional fees and tender costs during the Period.

Loss attributable to equity holders of the Company

As a result of the aforesaid, the loss attributable to equity holders of the Company was approximately HK\$7.3 million and approximately HK\$5.5 million for the six months ended 30 September 2020 and 2019 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 fitting-out projects for residential developments and business and entertainment complex, as well as renovation projects for commercial premises. The Boards will keep to tender new projects including those mainland based property developers which are currently very active in new property development in Hong Kong.

However, the outbreak of COVID-19 in Hong Kong since early 2020 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 reason 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.

On 3 September 2020, the Board proposed to raise up to approximately HK\$48.0 million on the basis of three (3) rights shares for every one (1) Share held on the record date by issuing 600,000,000 rights shares at the subscription price of HK\$0.080 per rights share. The Rights Issue and the transactions contemplated thereunder were approved by the shareholders of the Company at the extraordinary general meeting of the Company held on 12 October 2020. The Rights Issue is expected to be completed in November 2020. It is believed that the financial status and the cash position of the Company will be greatly enhanced upon the completion of the Rights Issue. Pursuant to the section "Unaudited Pro Forma Statement of Adjusted Consolidated Net Tangible Assets of the Group" included in the prospectus for the Rights Issue dated 27 October 2020, based on the 600,000,000 rights shares at the subscription price of HK\$0.080 per right share, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2020 immediately after completion of the Rights Issue will be approximately HK\$24,665,000.

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 2020, the Group had net current liabilities of approximately HK\$31.7 million (31 March 2020: net current liabilities of approximately HK\$24.6 million), net liabilities of approximately HK\$28.4 million (31 March 2020: net liabilities of approximately HK\$21.1 million) bank balances and cash of approximately HK\$5.4 million (31 March 2020: approximately HK\$34.8 million) and pledged bank deposit of approximately HK\$1.8 million (31 March 2020: approximately HK\$1.8 million).

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\$1.8 million as at 30 September 2020 (31 March 2020: approximately HK\$1.8 million) are charged to secure general banking facilities.

Capital Commitments

As at 30 September 2020, the Group did not have any material capital commitment.

Capital Structure

There has been no change in capital structure of the Company since 31 March 2020.

Significant Investments

As at 30 September 2020, there was no significant investment held by the Group (31 March 2020: Nil).

Acquisitions and Disposals of Subsidiaries

The Group did not have any acquisitions or disposals of subsidiaries and affiliated companies during the Period.

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 2020, 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 2020, the Group had 36 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.

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 has adjusted the use of net proceeds in the same manner and in the same proportion as shown in the prospectus of the Company dated 30 December 2016 (the "Prospectus"). During the six months ended 30 September 2020, the Board resolved to allocate approximately HK\$4.9 million out of the unutilised net proceeds originally allocated for the acquisition of premises in Hong Kong to general working capital of the Group.

The unutilised amount of net proceeds as at 31 March 2020 of approximately HK\$4.9 million was originally intended to be used for acquisition of showroom and warehouse in Hong Kong for operating needs and storage purpose. The Group is unable to identify suitable premises with favorable offer for the use as showroom and warehouse. The Board expected that the unutilised amount of net proceeds will not be utilised as originally intended.

The impact of COVID-19 pandemic has created unprecedented challenges for all businesses in 2020. The Board considered that with no signs that the COVID-19 might end soon. During the six months ended 30 September 2020, the COVID-19 pandemic still remained very prevalent and even getting worse than that of the date of the 2020 Annual Report. Moreover, prolonged precautionary and quarantine control measures were in effect in Hong Kong in which retail business are the most affected. In light of the aforesaid, the Board considered that the acquisition of showroom and warehouse will no longer be necessary and in the interest of the Group.

To mitigate such potential impact of COVID-19 pandemic, the Board considered that it is necessary for the Group to maintain sufficient working capital in preparation of any market upheaval. In view of the circumstances, the Board has resolved to allocate approximately HK\$4.9 million out of the unutilised net proceeds originally allocated for the acquisition of premises in Hong Kong to general working capital of the Group. The Board considers that the proposed change in use of proceeds is in the best interest of the Company and its shareholders as a whole and that it will allow the Group to deploy its financial resources more effectively.

As at 30 September 2020, all the net proceeds from the Placing had been fully utilised. An analysis of the utilisation of the net proceeds from 13 January 2017 (the "Listing Date") up to 30 September 2020 is set out below:

	Adjusted use of net proceeds in the same manner and in the same proportion as stated in the Prospectus HK\$ million	Reallocation in use of net proceeds as at 13 August 2020 HK\$ million	New allocation of use of net proceeds HK\$ million	Actual use of net proceeds from the Listing Date up to 31 March 2020 HK\$ million	Actual use of net proceeds from the Listing Date up to 30 September 2020 HK\$ million
Further developing the Group's contracting business	22.8	–	22.8	22.8	22.8
Acquisition of premises in Hong Kong	5.7	(4.9)	0.8	0.8	0.8
Expansion of the Hong Kong office	1.7	–	1.7	1.7	1.7
Decoration of the Hong Kong office	1.9	–	1.9	1.9	1.9
Purchase of motor vehicles	1.2	–	1.2	1.2	1.2
Further strengthening the Group's in house team	3.2	–	3.2	3.2	3.2
General working capital	4.1	4.9	9.0	4.1	9.0
Total	40.6	–	40.6	35.7	40.6

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

As at 30 September 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 September 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 September 2020.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

During the Period, none of the Directors (including their spouses and children under the age of 18) had any interest in or was granted any right to subscribe for the shares in, or debentures of, the Company or its associated corporations, or had exercised any such right.

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

As at 30 September 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 September 2020	Exercise price per share
		As at 1 April 2020	Granted	Exercised	Lapsed		
Executive directors							
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	

The share options granted on 15 November 2019 were immediately vested at the date of grant. The closing price of the shares of the Company immediately before the grant date of the share options was HK\$0.420 per share.

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 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 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 2020.

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 2020.

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 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

EVENTS AFTER THE REPORTING PERIOD

On 3 September 2020, the Board proposed to raise up to approximately HK\$48.0 million on the basis of three (3) rights shares for every one (1) Share held on the record date by issuing 600,000 rights shares at the subscription price of HK\$0.080 per rights share (the "**Rights Issue**"). The Rights Issue and the transactions contemplated thereunder were approved by the shareholders of the Company at the extraordinary general meeting of the Company held on 12 October 2020. The announcement in relation to the results of the Rights Issue is expected to be published on 25 November 2020.

For the details of the Rights Issue, please refer to the announcements of the Company dated 3 September 2020 and 12 October 2020, the circular of the Company dated 22 September 2020 and the prospectus of the Company dated 27 October 2020.

Save as disclosed above, up to the date of this report, there is no significant event 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 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:

Provisions 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 oversee 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 six months ended 30 September 2020.

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

Hong Kong, 13 November 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.