



aeso

**AESO HOLDING LIMITED**

**艾碩控股有限公司**

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

**(Stock Code: 8341)**

## THIRD QUARTERLY REPORT 2020



## 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.*

## THIRD QUARTERLY RESULTS

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 nine months ended 31 December 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 and nine months ended 31 December 2020*

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2020	2019	2020	2019
		HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Revenue	4	38,071	46,931	80,808	149,904
Cost of services		(37,505)	(39,516)	(78,735)	(133,275)
Gross profit		566	7,415	2,073	16,629
Other income, gains or (losses)	5	74	12	1,842	53
Change in fair value of financial assets at fair value through profit or loss		68	–	183	–
Administrative expenses		(3,528)	(5,241)	(12,881)	(17,951)
Share-based payment expenses		–	(4,182)	–	(4,182)
Finance costs	6	(416)	(1,098)	(1,717)	(3,157)
Loss before taxation	7	(3,236)	(3,094)	(10,500)	(8,608)
Taxation	8	–	–	–	–
Loss and total comprehensive expenses for the period		(3,236)	(3,094)	(10,500)	(8,608)
Loss per share attributable to equity holders of the Company					
Basic and diluted (HK cents)	10	(0.89)	(1.55)	(4.11)	(4.30)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 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 31 March 2020 (audited)	15,600	40,201	4,182	1,000	(82,118)	(21,135)
Loss and total comprehensive expense for the Period	-	-	-	-	(10,500)	(10,500)
Issue of shares upon subscription of new Shares	46,800	1,200	-	-	-	48,000
Transaction costs attributable to issue of Shares	-	(1,787)	-	-	-	(1,787)
<b>As at 31 December 2020 (unaudited)</b>	<b>62,400</b>	<b>39,614</b>	<b>4,182</b>	<b>1,000</b>	<b>(92,618)</b>	<b>14,578</b>
At 31 March 2019 (audited)	15,600	40,201	-	1,000	(54,696)	2,105
Loss and total comprehensive expense for the Period	-	-	-	-	(8,608)	(8,608)
Equity-settled share option arrangements	-	-	4,182	-	-	4,182
As at 31 December 2019 (unaudited)	15,600	40,201	4,182	1,000	(63,304)	(2,321)

## 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 quarterly financial statements of the Group for the nine months ended 31 December 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.

### 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 and nine months ended 31 December 2020 and 2019 is as follows:

	Three months ended 31 December		Nine months ended 31 December	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
<b>Over-time of revenue recognition</b>				
Fitting out projects	22,591	41,484	60,288	67,096
Renovation projects	15,480	5,447	20,520	82,808
Total	38,071	46,931	80,808	149,904

## 5. OTHER INCOME, GAIN OR (LOSSES)

	Three months ended 31 December		Nine months ended 31 December	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Bank interest income	-	1	-	2
Interest income	10	-	30	-
Other income	64	11	1,815	22
(Loss)/gain on disposal of property, plant and equipment	-	-	(3)	29
	<b>74</b>	<b>12</b>	<b>1,842</b>	<b>53</b>

## 6. FINANCE COSTS

	Three months ended 31 December		Nine months ended 31 December	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Interest on:				
Bank borrowings	65	73	216	111
Other borrowings	330	986	1,426	2,950
Finance leases	-	2	1	5
Interest on lease liabilities	21	37	74	91
	<b>416</b>	<b>1,098</b>	<b>1,717</b>	<b>3,157</b>

## 7. LOSS BEFORE TAXATION

	Three months ended 31 December		Nine months ended 31 December	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Loss before taxation has been arrived at after charging:				
Directors' emolument	861	2,526	2,583	3,605
Other staff costs:				
Salaries and other allowances	3,396	4,728	9,837	10,727
Retirement benefit scheme contributions	113	150	341	374
Total staff costs	4,370	7,404	12,761	14,706
Less: amounts included in cost of services	(2,756)	(2,593)	(7,035)	(7,152)
	1,614	4,811	5,726	7,554
Auditors' remuneration	195	150	585	450
Depreciation of property, plant and equipment	72	84	213	404
Depreciation of right-of-use assets	447	722	1,804	1,686
Equity-settled share option expense	-	4,182	-	4,182

## 8. TAXATION

No provision for Hong Kong Profit Tax has been made as the Group had no assessable profit during the nine months and three months ended 31 December 2020 and 2019.

## 9. DIVIDENDS

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

## 10. LOSS PER SHARE

	Three months ended 31 December		Nine months ended 31 December	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Loss:				
Loss for the purpose of calculating basic loss per share	<b>(3,236)</b>	(3,094)	<b>(10,500)</b>	(8,608)
Number of shares:				
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<b>365,217,391</b>	200,000,000	<b>255,272,727</b>	200,000,000

Diluted loss per share and basic loss per share are the same for the three months and nine months ended 31 December 2020 and 2019 as the effect of the Company's share options (2019: nil) were anti-dilutive and therefore did not include in the calculation of the diluted loss per share.

## 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 nine months ended 31 December 2020, the Company submitted tenders amounting to approximately HK\$2,276.6 million and 10 projects were awarded amounting to approximately HK\$129.2 million, which include one Fitting-out Project for residential development at Sai Ying Pun with contract sum of approximately HK\$33.0 million and two Fitting-out Projects for a commercial building at Chek Lap Kok with total contract sum of approximately HK\$75.0 million. The projects in Chek Lap Kok were awarded by a leading property developer in Hong Kong and the other project was awarded by a famous property developer in the PRC. 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 the 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**”). 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 was completed in November 2020. The net proceeds (after deducting the placing commission and other related expenses and professional fees) from the Rights Issue amounted to approximately HK\$46.2 million. For the further details of the Rights Issue, please refer to the prospectus of the Company dated 27 October 2020, the circular of the Company dated 22 September 2020, the announcements of the Company dated 3 September 2020, 13 October 2020, 16 November 2020 and 25 November 2020.

As at the date of this report, all the net proceeds had been used at intended.

## **Financial Review**

### ***Revenue***

The Group's overall revenue decreased from approximately HK\$149.9 million for the nine months ended 31 December 2019 to approximately HK\$80.8 million for the nine months ended 31 December 2020, representing an decrease of approximately 46.1%. Such decrease was mainly due to the outbreak of COVID-19 in Hong Kong in 2020 which in turn lead to an adverse effect on Hong Kong economy.

The revenue for the Fitting out Projects for the nine months ended 31 December 2020 was approximately HK\$60.3 million, represented an decrease of approximately 10.1% from approximately HK\$67.1 million for the same period in 2019.

The revenue for the Renovation Projects for the nine months ended 31 December 2020 was approximately HK\$20.5 million, represented an decrease of approximately 75.2% from approximately HK\$82.8 million for the same period in 2019.

### ***Cost of Services***

The Group's direct cost decreased from approximately HK\$133.3 million for the nine months ended 31 December 2019 to approximately HK\$78.7 million for the nine months ended 31 December 2020, representing an decrease of approximately 40.9%. The decrease was in line with the decrease in revenue during the period.

### ***Gross Profit***

The gross profit amounted to approximately HK\$2.1 million and approximately HK\$16.6 million for the nine months ended 31 December 2020 and 2019 respectively, representing an decrease of approximately 87.5%.

### ***Administrative Expenses***

The Group's administrative expenses amounted to approximately HK\$12.9 million and approximately HK\$18.0 million for the nine months ended 31 December 2020 and 2019 respectively, representing an decrease of approximately 28.2%. Such decrease was primarily due to the decrease of legal and profession fees and tender costs during the period.

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

The loss attributable to the owners of the Company was approximately HK\$8.6 million and approximately HK\$10.5 million for the nine months ended 31 December 2019 and 2020 respectively. The loss attributable to the owners of the Company was mainly contributed by the decrease in gross profit for the nine months ended 31 December 2020.

## 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 development and commercial premises. Since 1 January 2021 and up to the date of this report, the Group was awarded with five fitting-out projects with total contract sum of approximately HK\$275.3 million, including two fitting-out projects for residential development in Stanley with contract sum of approximately HK\$139 million and one fitting-out project for residential development in Kai Tak with contract sum of approximately HK\$63.5 million. 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 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 was completed in November 2020. Upon the completion of the Rights Issue, the financial status and the cash position of the Company has been enhanced.

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

As at 31 December 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 31 December 2020
Chan Siu Chung	Beneficial owner	108,838,709	13.60%
Cheung Hiu Tung – share options	Beneficial owner	2,838,709	0.35%
Zhang Hai Wei – share options	Beneficial owner	2,838,709	0.35%

Mr. Chan held 106,000,000 Shares through Acropolis Limited in which Mr. Chan is the sole Director and shareholder. Also, Mr. Chan held 2,838,709 share options of the Company directly.

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 31 December 2020.

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

As at 31 December 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 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 nine months ended 31 December 2020 are as follows:

Grantees	Date of grant	No. of shares comprised in options					Adjustment on the number of share options upon the completion of the Rights Issue	As at 31 December 2020	Exercise price per share
		As at 1 April 2020	Granted	Exercised	Lapsed				
<b>Executive director</b>									
Chan Siu Chung	15 November 2019	2,000,000	-	-	-	838,709	2,838,709	HK\$0.3135	
Cheung Hiu Tung	15 November 2019	2,000,000	-	-	-	838,709	2,838,709	HK\$0.3135	
Zhang Hai Wei	15 November 2019	2,000,000	-	-	-	838,709	2,838,709	HK\$0.3135	
<b>Other employees</b>	15 November 2019	14,000,000	-	-	-	5,870,970	19,870,970	HK\$0.3135	
	Total	20,000,000	-	-	-	8,387,097	28,387,097		

## **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 nine months ended 31 December 2020 were Mr. Chan Siu Chung, Mr. Au Siu Kwong, 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 nine months ended 31 December 2020.

## **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 nine months ended 31 December 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 nine months ended 31 December 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 nine months ended 31 December 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**

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

## **CORPORATE GOVERNANCE PRACTICES**

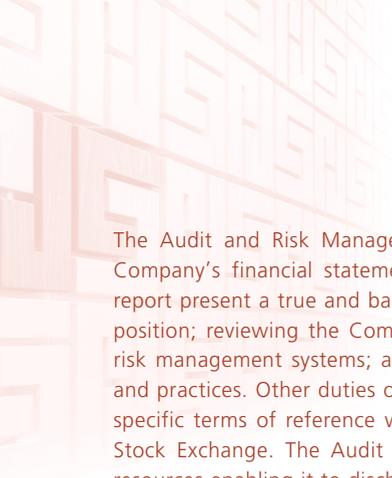
The corporate governance principles of the Company emphasis a quality Board, sound internal controls, transparency and accountability to all shareholders. By applying rigorous corporate governance practices, the Company believes that its accountability and transparency will be improved thereby instilling confidence to the shareholders of the Company and the public. Throughout the nine months ended 31 December 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 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.

## **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 nine months ended 31 December 2020.

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

Hong Kong, 11 February 2021

*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.*